

◎ THEMATIC REPORTS

# SOCIAL EXCLUSION IN EUROPE

## State of Play of Social Inclusion Policies at the European Level

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At the time of writing (September 2010), much remains unclear about the future of the EU Social Inclusion Strategy. The parameters for the Europe 2020 strategy have been agreed, but the connection between this overarching strategy and the EU's Strategy for Inclusion is still to be agreed. This report makes some comments on the Europe 2020 strategy, looks at how the EU Inclusion Strategy has functioned over the past 10 years and presents some ideas from the European Anti-Poverty Network's (EAPN's) perspective as to how the strategy could evolve.

### Europe 2020

The Europe 2020 strategy is the key overarching strategy for the European Union for the next 10-year period. It coincides with the start of a new five-year EU institutional cycle (with a newly elected European Parliament and the ratification of the new set of European Commissioners) and will be reviewed at its midpoint when a new five-year cycle will begin.

The European Commission published the Europe 2020 strategy in March of 2010 (European Commission 2010a). Its broad parameters were endorsed by the heads of the EU Member States and governments at the 2010 Spring European Council. The 2020 strategy does not define all of the key areas of EU work, but attempts to communicate to EU citizen's the EU's key priorities and actions for the coming period. It will be a key driver in the establishment of key priorities for the EU; hence, the importance of ensuring that social policies are integrated into the strategy. It is important to note that social policies were downplayed in the 2005 revision of the precursor to the Europe 2020 strategy – the Lisbon Strategy – which has had an enormous negative impact on the EU Social Inclusion Strategy.

The Europe 2020 strategy establishes three key priorities, sets five targets and provides for seven flagship programmes.

The three key priorities are:

1. Smart growth: Developing an economy based on knowledge and innovation

2. Sustainable growth: Promoting a more resource efficient, greener and more competitive economy
3. Inclusive growth: Fostering a high-employment economy delivering social and territorial cohesion

The five targets are:

1. Employment rate of 75% for people between 20 and 64
2. Investment of 3% of the EU's GDP in research and development
3. The '20/20/20' climate/energy targets met
4. Share of early school leavers under 10%, and at least 40% of the younger generation with a tertiary degree
5. Twenty million less 'at risk of poverty'<sup>1</sup>

The Europe 2020 strategy proposes seven 'flagship programmes' to reach the five targets. One of these programmes (the only one dealt with in this report) is connected to the target to reduce poverty: the 'Flagship Programme – Platform against Poverty'. The aim of this Platform is:

*...to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society.* (European Commission 2010a)

The details of how this Platform will be implemented should be the subject of a Commission Communication to be issued in November 2010.

The Europe 2020 strategy envisages the following:

- Delivery through a 'transformed' Open Method of Cooperation on Social Protection and Social Inclusion (OMC) as a "platform for cooperation, peer-review and exchange of good practice" (European Commission 2010a).

- Concrete action to reduce social exclusion through targeted support from structural funds – particularly from the European Social Fund.
- An assessment of the adequacy and sustainability of social protection and pension schemes and access to healthcare.
- At the national level, Member States are expected to define specific measures for at risk groups and 'fully deploy' social security and pensions to ensure adequate income support and access to healthcare.

### Architecture and governance

The Europe 2020 strategy will be delivered through National Reform Programmes and a new set of integrated 'Europe 2020 Guidelines'. The draft Guidelines (European Commission 2010b) have been presented by the Commission and will be formally adopted by the Council in autumn 2010, following consultation with the European Parliament. The draft contains 10 guidelines divided into macro and micro economic guidelines and employment guidelines. One of the employment guidelines (Guideline 10) is a new social guideline meant to ensure follow up of the poverty target. In the recital to the Guidelines there is a new explicit reference to stakeholder involvement:

*...the Europe 2020 strategy should be implemented in partnership with all national, regional and local authorities, closely associating parliaments, as well as social partners and representatives of civil society, who shall contribute to the elaboration of National Reform Programmes, to their implementation and to the overall communication on the strategy.*

### EAPN comments on the Europe 2020 strategy

EAPN broadly welcomes the reintegration of the social element into the EU's overall priorities and strategy for the next 10 years. The establishment of a concrete target to reduce poverty should give issues of poverty and social inclusion high visibility on the EU agenda, as well as ensure the high-level political attention necessary for real progress. However, there is a lot of ambiguity in the way the target has been framed – "to lift

<sup>1</sup> The original version of the poverty target proposed by the Commission was contested at the Spring Council and a final version was agreed at the June European Council, which, in addition to the 60% median equivalised income indicator proposed to measure progress towards the target, contains an indicator for material deprivation and for jobless households.

at least 20 million people out of poverty". For EAPN, the only tolerable interpretation of this target is an ambition to improve the situation of everybody living in poverty, while lifting at least 20 million people above the relatively high EU 'at risk of poverty threshold', which is based on 60% of the median equivalised income and material deprivation indicators. An alternative interpretation could lead to the manipulation of the target through the application of measures to reach the easiest to reach to lift them slightly above the poverty threshold. With such an interpretation the EU would be complicit in developing a 'two-thirds society', with two-thirds doing well and one-third being left behind to carry the burdens and risks associated with poverty and social exclusion. Without an explicit reference to reducing growing levels of inequality in EU societies, and with the focus on 'growth' in the strategy, it is not clear that social cohesion is an objective of the 2020 strategy in its own right. With the knowledge available that "more equal societies are better for almost everyone" (Wilkinson and Pickett 2009), it is difficult to see how we will achieve a society with greater social cohesion without a focus on addressing inequality as well as poverty.

The inclusion of a social guideline within the Integrated Guidelines for the Europe 2020 strategy, and the requirement to have stakeholder involvement (including NGOs) in the preparation, implementation and evaluation of National Reform Programmes, is undoubtedly a great opportunity to ensure the effective mainstreaming of social concerns across all the areas of the Europe 2020 strategy. EAPN and other social stakeholders will work to try to ensure that this opportunity is maximised. However, the inclusion of the social guideline under the employment section of the Guidelines raises fears that actions to tackle poverty will be limited to employment related actions, and that the focus on the broad social protection and social inclusion, which is part of the current Social OMC, will be lost. Early signs in relation to the preparation of national targets to reduce poverty in line with the European target have indicated little willingness to engage relevant NGO stakeholders in the process.

Perhaps the greatest fear of EAPN in relation to the Europe 2020 strategy is that mainstreaming social concerns across the broad strategy will lead to the diminishment of the distinctive role of the Social OMC and, in particular, the process within the Social OMC aimed at active stakeholder engagement at the national and local levels. This report attempts to deal with these concerns.

## EU Social Inclusion Strategy 2000–2010

To understand the Europe 2020 strategy, it is important to look at the key elements of the EU Social Inclusion Strategy, or the 'Social OMC'. This section does not try to indicate the subtle, but important, changes that were made to the Social Inclusion Strategy during the course of its development, but rather presents it as it operated in the period 2008 to 2010

The key elements of the Social Inclusion Strategy included: 1) agreement on Common EU Objectives in the fight against poverty and social exclusion, including the objective of mobilising all relevant stakeholders, 2) agreement on common indicators to measure progress, 3) the development of National Strategic Reports for Social Protection and Social Inclusion – which incorporated National Action Plans on Inclusion, 4) mutual learning and exchange through peer review mechanisms, and 5) an annual EU assessment in the form of a Joint Report on Social Protection and Social Inclusion. In addition, an EU Programme (the Progress Programme<sup>2</sup>) was agreed to support actions to contribute to the strategy.<sup>3</sup> While the Social Inclusion Strategy did not succeed in reducing poverty in the EU during its period of operation, some important successes can be noted:

- The strategy has been instrumental in keeping poverty and social exclusion on the EU agenda.
- It has contributed to better common EU statistics on poverty and social exclusion, as well as to the development of some common analyses and understandings.
- It has engaged different stakeholders from the different levels (local, national, EU) in the process, including people experiencing poverty (European Anti-Poverty Network 2010).
- It has facilitated mutual exchange and peer review.
- It has identified key common areas of concern for Member States to work on and key consensus areas to move forward (e.g., active inclusion, child poverty, housing/homelessness, indebtedness, in work poverty, migration).

<sup>2</sup> For details of the programme see <[ec.europa.eu/social/main.jsp?langId=en&catId=327](http://ec.europa.eu/social/main.jsp?langId=en&catId=327)>.

<sup>3</sup> A detailed evaluation of the EU Social Inclusion Strategy 2000–2010 is available in 'A social inclusion roadmap for Europe 2020' (Frazer et al. 2010) and the background papers prepared for the Belgian Presidency Conference 'EU Coordination in the Social Field in the context of the Europe 2020: Looking back and building the future'. A published version of these background papers will be available later in 2010, check Belgian Presidency website.

While an assessment of the impact of the global economic crisis on people experiencing poverty and social exclusion is beyond the scope of this report, it is important that it is understood that the failure to pursue a more social Europe and to prioritise addressing growing levels of inequality over the last 30 or more years was a contributing factor to the crisis. Knowing this, it is very difficult to accept that people experiencing poverty and social exclusion are the ones being asked to pay for the crisis through reduced social protection and social services.

With a fairly constant figure of about 17% of people in the EU (approximately 85 million people) facing poverty and social exclusion (Eurostat 2010), it is clear that the Social Inclusion Strategy was too weak to meet its overall objective, as agreed at the Lisbon Council in 2000, of "making a decisive impact on the eradication of poverty". The Strategy's weaknesses include:

- Poverty cannot be dealt with by social policies alone, and necessary efforts were not made to mainstream poverty and social inclusion concerns across all areas of EU policy. This was especially true after the revision of the overall Lisbon Strategy in 2005, which diminished the place of social policies in the overall strategy and prioritised growth and jobs.
- There was weak political leadership for the strategy, demonstrated by the lack of clear targets.
- There was a lack of public and parliamentary scrutiny of the strategy, which was needed to ensure that the strategy really engaged in national priority setting and policy making, and the strategy became a reporting exercise to Brussels, rather than a key tool for policy planning, implementation and evaluation.
- There was a sense that the strategy failed to engage the right actors in the key areas identified in the strategy, for instance, in the area of housing and homelessness.
- The OMC, which is a soft law approach, needed more rigorous monitoring and evaluation to show the extent to which Member States engaged meaningfully in the process and needed to be complemented by harder instruments, such as Directives, in areas where common understandings had been developed.

In moving forward, it is hoped that the Inclusion Strategy, within the Europe 2020 strategy, can build on the strengths of the former Social Inclusion Strategy, while also addressing its shortcomings. That possibility still exists with the opportunity to have a clear 'mainstreaming' of

social concerns across the Europe 2020 strategy and real stakeholder engagement. While at the same time, the 'Platform against Poverty' raises hope for a more effective EU Inclusion Strategy. However, as outlined above, there is concern that the integration of the social dimension into the Europe 2020 strategy may be at the price of abandoning the key elements of the Social OMC, i.e., National Strategic Reports on Social Protection and Social Inclusion and National Action Plans on Inclusion. These national reports allow for the input of national stakeholders and the development of in depth thinking and learning on preventing, as well as alleviating, poverty (as well as on social protection issues), beyond the narrower confines of Guideline 10 for the National Reform Programmes. EAPN believes that abandoning these reports would be an enormous step backwards.

### Recommendations: EAPN proposals for the European Platform against Poverty

This section outlines what EAPN considers necessary to ensure that the Platform against Poverty represents a step forward in terms of EU cooperation in the field of social inclusion. When the Commission proposed the Flagship Programme – Platform against Poverty, it was clear that there was much scope for developing the content of this Platform. EAPN took this as a positive opportunity to develop a stronger EU Social Inclusion Strategy and set out proposals for the content of the Platform.

The key EAPN recommendations are:

1. Reinforce the Social OMC by building a dynamic EU and national platforms against poverty that can actively engage relevant stakeholders in developing multi-annual strategies to implement agreed EU priorities: This national approach needs to be complemented by thematic approaches to follow up on the key areas that emerged through the Social Inclusion Strategy, such as child poverty, active inclusion, housing and homelessness, and migration.
2. Develop mechanisms to assess the effectiveness of current instruments and move forward on establishing European frameworks to guarantee EU social standards: The existing soft law instruments of the Social OMC have not been sufficient to enable progress on the agreed objectives, nor to guarantee the European social model. The EU needs to affirm its commitment to implementing fundamental rights and ensuring affordable access to rights, resources and services, and to reducing inequality. While good progress has been made in the environmental, health

and safety fields, the lack of common frameworks to ensure social as well as economic standards is hampering social progress in the EU and undermining the credibility of the EU's social goals. The Lisbon Treaty lends weight to such an approach, and EAPN is spearheading a campaign for a Directive on the Adequacy of Minimum Income Schemes, which could be a first step in this approach.

3. Mobilise EU financial instruments to support the development of social and sustainable service infrastructure, social inclusion demonstration projects, and participation of stakeholders: The Commission's Communication on Europe 2020 makes it clear that policy initiatives can only move forward if EU funding is targeted to delivering the key objectives, priorities and targets. The EU must continue to ensure that the solidarity principle is applied in lagging regions and areas, as well as supporting measures and approaches to tackle poverty and social exclusion. While Structural Funds are given a central role to back the political objectives of the Europe 2020 strategy, all EU financial instruments need to be mobilised as part of the review of the Financial Perspectives. Consideration should be given to a new framework programme to support delivery on the poverty target, with an explicit objective to reduce and prevent poverty and social exclusion.
4. Ensure that social inclusion objectives are mainstreamed across Europe 2020 and linked to effective social impact assessment: The Flagship Programme – Platform on Poverty will need to be given the power to ensure that the social inclusion objective is a central concern and that other policy initiatives within Europe 2020 do not undermine or contradict this. In particular, in the key debates on 'bottlenecks to growth', equivalent weight should be given to identifying the bottlenecks to inclusion, particularly in relation to public policy spending priorities in the exit strategies, which are threatening cuts to public services and benefits.

### Conclusion

In assessing the state of play of the EU Social Inclusion Strategy, it is clear that there is a long way to go to achieve cooperation between the EU and Member States to ensure the protection and development of the European Social Model (based on quality employment, high levels of social protection and active participation). However, the way forward is clear and the crisis (economic, social and environmental) has shown that a new direction is needed. There is a growing sense of alienation of citizens from the

European Project, with a recent Eurobarometer survey showing that only 42% of people have trust in EU institutions. Against this background, it remains to be seen if within the Europe 2020 strategy and the Platform against Poverty the EU leaders can fashion a strategy that responds to the need for change. The elements are there to lay the foundations for a fairer Europe, but we must wait and see if the political will is also present. ■

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# Labour Market Impacts of the Global Economic Crisis and Policy Responses in Europe

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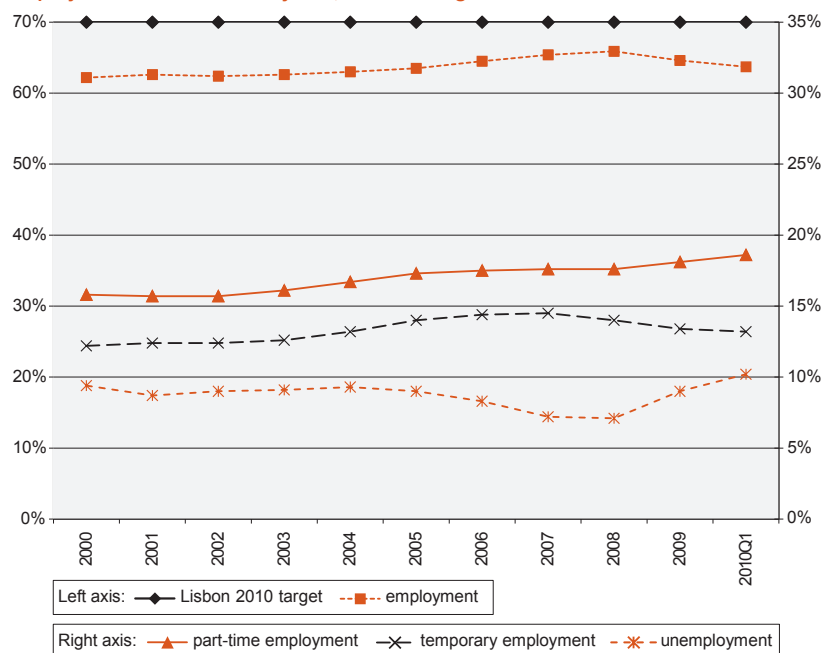
The global economic crisis that began in September 2008 – with roots that go back much further – has had a devastating effect on incomes, government finances and, not the least, labour markets. Over time, impacts in these three areas will feed into ‘social’ outcomes. With high unemployment and fiscal austerity, increases in inequality, poverty and social exclusion seem likely unless effective counter measures are taken. This report provides an overview of the different ways in which the crisis has impacted on European labour markets in different countries and for different labour market groups. It also looks at the way in which policy has attempted – and to some extent succeeded – in mitigating the worst effects of the crisis on the labour market.<sup>1</sup>

## Labour markets: Achievements during the Lisbon period and impact of the crisis

The employment targets set in the Lisbon Strategy in 2000 for 2010 were ambitious: an overall EU employment rate of 70% and employment rates of 60% for women and 50% for older workers. While there were some positive developments with strong employment growth prior to the crisis, particularly among women and older workers (European Commission 2006, p 38), even at its peak in 2008 at 65.9% the overall EU employment rate remained well below the 2010 target. With the global economic crisis employment rates have fallen by more than 2 percentage points (Figure 1). In the first quarter of 2010, EU employment stood at 63.7% and unemployment was 10.2%. Employment has slipped back to its 2005 level and unemployment is higher than at any time during the Lisbon period. This situation is likely to deteriorate further.

Prior to the global economic crisis, a considerable share of employment growth in Europe was due to the increasing proportion of part-time and temporary employment (European Commission 2006, p 24). Part-time employment as a percentage of total employ-

Figure 1: Developments in employment, unemployment and forms of non-standard employment over the last 10 years, EU27 averages



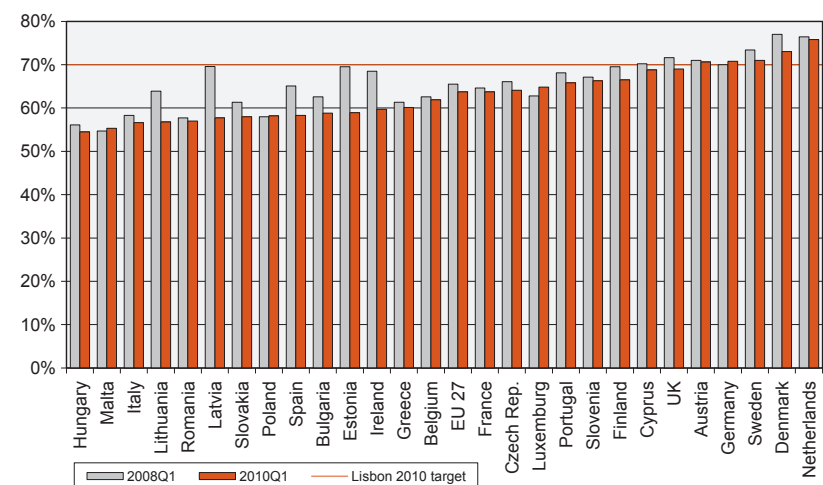
Source: European Labour Force Survey, online database (Eurostat 2010a)

Note: Figures are for age 15–64

ment increased by about 2 percentage points between the beginning of the Lisbon Strategy and 2008. Since the onset of the crisis, part-time employment has increased further and stood at 18.6% in the first quarter of 2010. Temporary employment (all contract forms with limited

duration such as fixed-term employment and temporary agency work) has also increased since the introduction of the Lisbon Strategy – its share of total employment reached 14% in 2008. However, temporary employment fell with the crisis, with workers on temporary contracts,

Figure 2: Employment rates – Impacts of the crisis

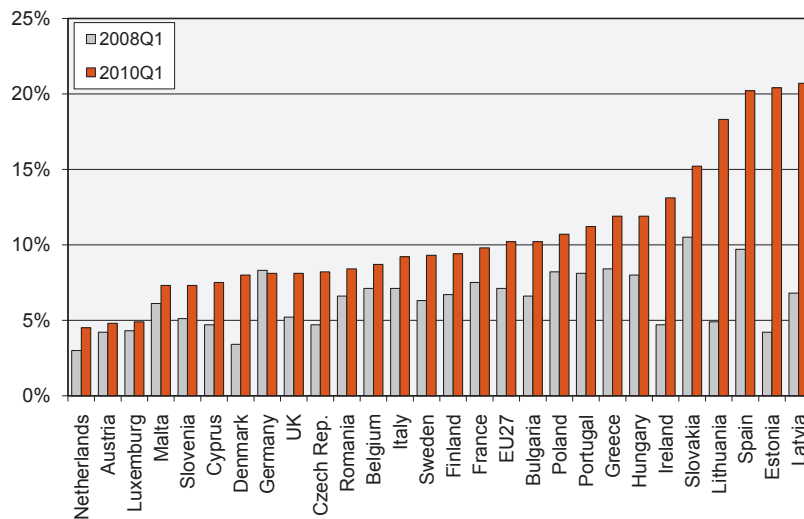


Source: European Labour Force Survey, online database (Eurostat 2010a)

Note: Figures are for age 15–64

1 This report is based on two earlier publications: Chapter 3 ‘Labour Market Developments in the Crisis’. In *Benchmarking Working Europe 2010* (Leschke, in ETUI 2010) and an ETUI working paper, ‘How do institutions affect the labour market adjustment to the economic crisis in different EU countries’ (Leschke and Watt 2010).

**Figure 3: Unemployment rates – Impacts of the crisis**



Source: European Labour Force Survey, online database (Eurostat 2010a)  
 Note: Figures are for age 15–64

particularly temporary agency workers but also those on fixed-term contracts, being the first to lose their jobs. In the first quarter of 2010, temporary employment accounted for 13.2% of all employment. By mid-2010, temporary employment had increased in a number of countries, because in uncertain economic times newly employed are often hired on the basis of temporary contracts.

The Lisbon employment rate target can be used to benchmark European countries. By the first quarter of 2010, only five countries exceeded the Lisbon target: Netherlands, Denmark,

Sweden, Germany and Austria (Figure 2). High employment rates among women (considerably in excess of the 60% target for women) contributed to this positive outcome. The worst performers with employment rates of around 55% (Malta, Hungary) have very low female and/or elderly employment rates. The economic crisis has had an adverse effect on employment rates in all countries but four: Malta, Germany, Luxembourg and Poland. Countries especially hard hit in terms of employment are the Baltic countries, Ireland and Spain.

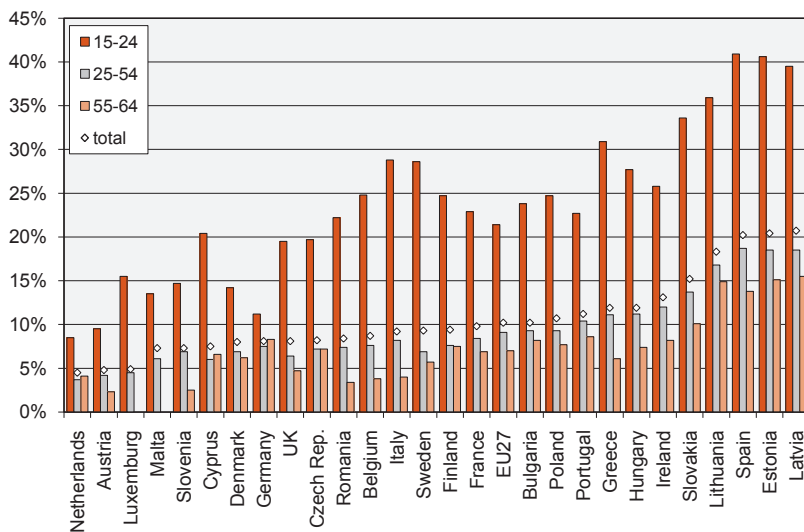
From the first quarter of 2008 to the first

quarter of 2010, only Germany saw no increase in unemployment rates. Unemployment more than doubled in Ireland, Spain and Denmark, and more than tripled in the Baltic countries. By the first quarter of 2010, only the Netherlands, Austria and Luxembourg had unemployment rates of below 5%. In Spain, Estonia and Latvia, every fifth person was unemployed (Figure 3).

In all countries, unemployment rates are considerably higher among youth than among other age groups (Figure 4). At 21.4%, average youth unemployment in the EU is more than double the total unemployment rate. In almost all countries, older workers, who are more likely to enter early retirement or functional equivalents of prolonged unemployment, have the lowest unemployment rate. Italy, Sweden and Luxembourg have youth unemployment rates that are more than three times the total unemployment rate, and a large number of countries have youth unemployment rates that are more than double the total rate. Germany, with its dual vocational training system, is the best performer on this indicator. Persons with low qualification levels have considerably higher unemployment rates than those with medium and particularly high qualification levels. On average, unemployment is higher among migrant workers (and particularly non-EU migrants) than among nationals (Figure 5).

The economic crisis has affected different groups of workers in different ways. Between the first quarter of 2008 and the first quarter of 2010, overall unemployment increased by more than 40%. Due to the fact that certain male-dominated sectors (manufacturing, construction) were particularly hard hit, especially in the first phase of the crisis, growth in unemployment was greater among men than women. Men in the EU now have a slightly higher unemployment rate than women, a reversal of the situation before the crisis (Figure 5). Youth were, in general, much more affected by increases in unemployment in the wake of the crisis than prime-age or older workers. Between the first quarter of 2008 and the first quarter of 2010, young workers experienced an increase in unemployment of more than 6 percentage points<sup>2</sup> and prime-age and older workers of less than 3 percentage points. In terms of qualification levels, measured in percentage point changes, those with low qualification levels were most affected by rising unemployment.

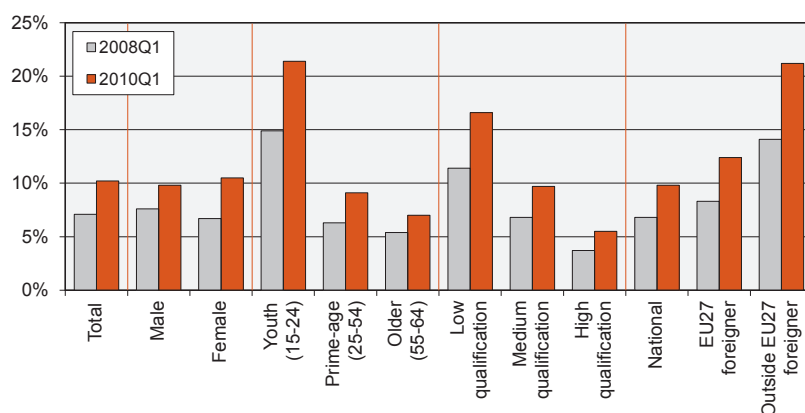
**Figure 4: Unemployment rates by age group compared to overall unemployment rates, 2010Q1**



Source: European Labour Force Survey, online database (Eurostat 2010a)  
 Note: Figures are for age 15–64

<sup>2</sup> The extent to which young people have been affected is likely to be underestimated by the unemployment data, because young people who lose their jobs or who face problems in finding a first job often return to, or continue their, education.

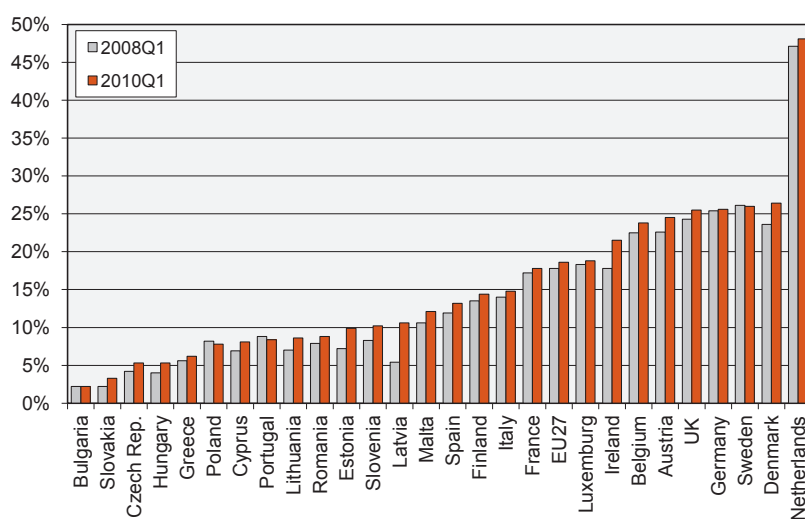
Figure 5: Developments in unemployment rates by labour market sub-group



Source: European Labour Force Survey, online database (Eurostat 2010a)

Note: Figures are for age 15–64 (unless otherwise stated)

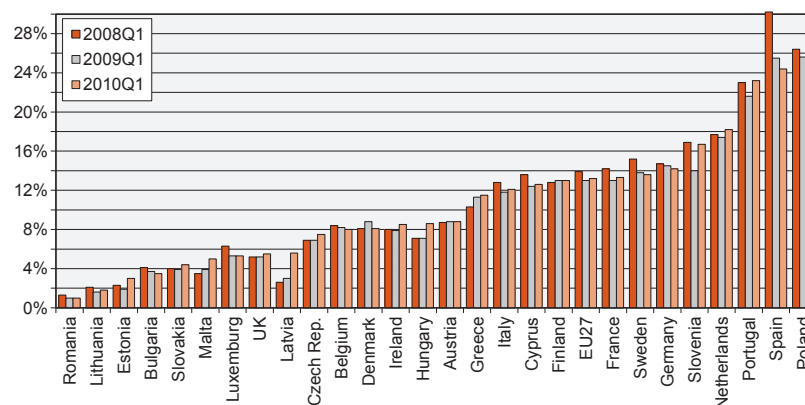
Figure 6: Part-time employment: Developments since onset of Lisbon Strategy and impacts of the crisis



Source: European Labour Force Survey, online database (Eurostat 2010a)

Note: Figures are for age 15–64

Figure 7: Temporary employment: Developments since onset of Lisbon strategy and impacts of the crisis



Source: European Labour Force Survey, online database (Eurostat 2010a)

Note: Figures are for age 15–64

Also, in general, foreigners (both from the EU and outside the EU) were more affected by rising unemployment than nationals, but again with large country variations around the average.<sup>3</sup>

Forms of non-standard employment have been actively promoted at the EU and national levels as a remedy for unemployment and a way of helping to boost employment rates. Particularly part-time work can be in the interest of workers who want to, or have to, combine work and other activities such as caring. However, both part-time and temporary employment have been shown to lead to spells of unemployment or inactivity, and to have an adverse effect on wages, social security benefits and career advancement (Eurofound 2003; Leschke 2007).

The incidence of part-time employment is much more pronounced in the old Member States; in five countries (the Netherlands, Denmark, Sweden, Germany and the United Kingdom) more than 25% of the working population are employed on a part-time basis (Figure 6). In the Netherlands, this share amounts to 48%. At the other end of the scale, we find Bulgaria and Slovakia with the proportion of part-time employment at below 5%. Reflecting the traditional gender division of wage and care work, there are significant gender differences in part-time employment rates. Part-time employment increased during the global economic crisis from 17.8% in the first quarter of 2008 to 18.6% in the first quarter of 2010. This trend is visible for most countries. The largest growth in part-time work took place in Latvia, Slovakia, Hungary and Estonia, all of which have well below average part-time employment rates.

Temporary employment as a share of total employment varies greatly. At well above 20%, it is highest by far in Poland, Spain and Portugal (Figure 7). Spain has recorded huge declines in temporary employment since the onset of the crisis. Temporary employment is below 4% in Romania, Lithuania, Estonia and Bulgaria.

The share of temporary employment decreased in the initial phase of the crisis and picked up slightly during the last phase: the EU27 average decreased from 13.9% in the first quarter of 2008 to 13% in the first quarter of 2009, and increased again slightly to 13.2% in the first quarter of 2010 (Figure 7). Country trends in this regard were somewhat more diverse. Some countries with comparatively low initial levels of temporary employment – such as Latvia and Malta – saw relatively large increases, possibly

<sup>3</sup> In regard to migrant workers, the unemployment records may not tell the whole story as some migrant workers may not have access to unemployment benefits or may return to their home country upon losing their job.

because during the crisis employers preferred contracts of short duration, which can easily be terminated. Other countries saw relatively large declines (e.g., Spain, Sweden, Bulgaria and Luxembourg), as temporary agency workers and workers on fixed-term contracts were first to lose their jobs during the crisis. About half of the countries replicate the EU average trend with decreasing temporary employment in the initial phase of the crisis (2008Q1–2009Q1), picking up in the second phase of the crisis (2009Q1–2010Q1).

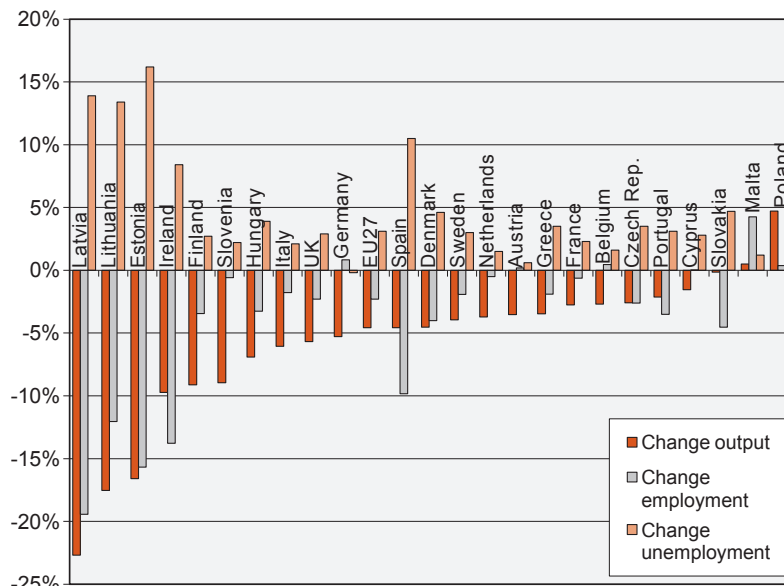
Although not the main focus here, it should be noted that an additional important labour market effect is on wages (for details see O’Farrell 2010; Glassner and Watt 2010). In many countries, real wages – for those who kept their jobs and did not suffer cuts in working hours – initially held up during the crisis, helping to stabilise demand; they were boosted by lower than expected inflation, the lagged effect of existing collective agreements and, in some countries, statutory minimum wages. Increasingly, however, wage cuts and freezes were implemented, both in the private sector – by firms threatening job losses unless wage concessions were made – and in the public sector. In the latter, the drive to reduce wages was fuelled by a perceived need to reduce government deficits quickly and, in the euro area, as a way of driving down wage and price levels in order to regain lost competitiveness. It is too early to see this in the data, but it is clear that such (relative) wage losses will affect those with the weakest labour market position most severely. In the absence of counter measures, this can be expected to increase income inequalities at the bottom of the labour market.

### Role of labour market policies in the crisis

Because economic output (goods and services) is produced by human labour, when output contracts sharply, as happened in the crisis, the demand for labour, and thus employment, is expected to fall and unemployment to rise. If productivity growth remains constant, the fall in employment will be proportional to the fall in output.

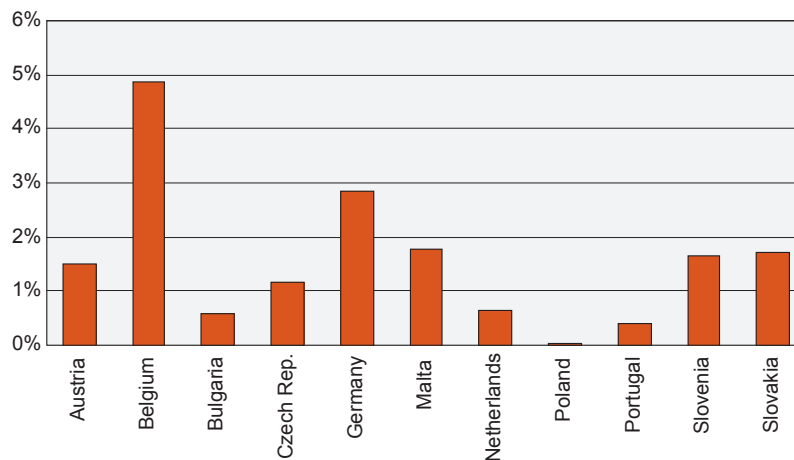
Figure 8 compares the changes in output, employment and unemployment for EU countries between the first quarter of 2008 and the first quarter of 2010. Overall, there is a reasonably high correlation between short-term changes in output and those in employment and unemployment. However, there is considerable variation in the sensitivity of employment to output changes for different countries. The Baltic countries and Ireland show the expected pattern of large output losses combined with

Figure 8: GDP, employment and unemployment, 2010Q1 (percentage change compared to 2008Q1)



Source: European Labour Force Survey and National Accounts, online database (Eurostat 2010a, 2010c)

Figure 9: Share of employees taking part in short-time and partial unemployment schemes, 2009



Source: Arpaia et al. 2010, p 34

large declines in employment and a substantial hike in unemployment. Spain, however, although experiencing below average output losses, displayed large labour market reactions. Germany represents the opposite case: despite larger than average output losses, employment and unemployment levels barely changed.

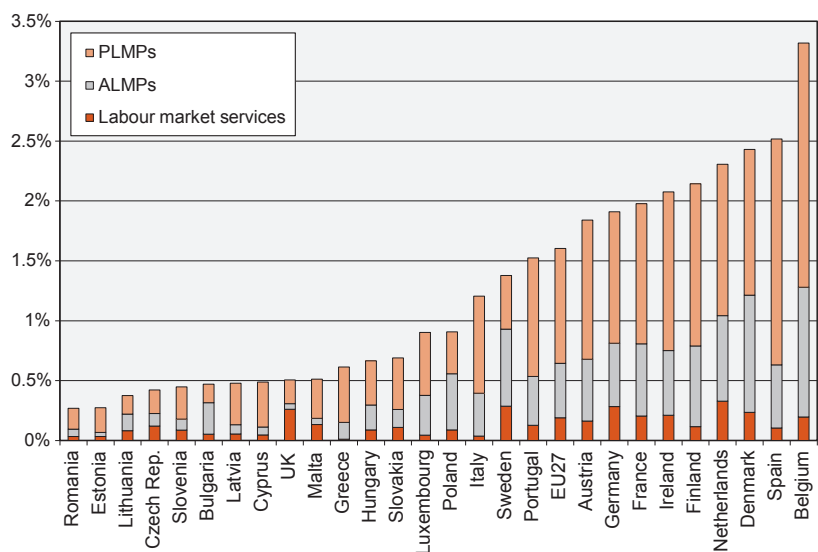
There are a number of reasons for these differences including so-called ‘buffers’ between output, employment and unemployment (discussed in detail in Leschke and Watt 2010). To some extent they reflect productivity differences (for instance, job losses concentrated in Germany’s high-tech export sector compared with Spain’s low-productivity construction

sector). But other buffers between changes in output and employment are of greater relevance here. Firms can simply hoard labour, keeping workers on despite the lower output; economically this is reflected in falling labour productivity. Or employment can be maintained through various work-sharing schemes (annual accounts, short-time<sup>4</sup> working schemes, temporary lay-offs); economically this is reflected in falling average working hours. Both labour hoarding and work-sharing schemes are positively affected by workers’ (firm-specific)

<sup>4</sup> Short-time work is when employees are laid off for a number of contractual days each week or for a number of hours during a working day.



Figure 10: Expenditure on active and passive labour market policies as % of GDP, 2008



Source: Labour market policy, online database (Eurostat 2010b)

skill levels because firms are keen to retain qualified workers that they may have difficulty rehiring once the crisis is over. But also, and crucially, they are conditioned by labour market institutions (such as unemployment benefits that can be used flexibly to finance parts of the lost wages at short-time working). These include both 'preventive' measures (employment protection legislation) and 'supportive' measures (notably government-supported work-sharing schemes). Lastly, job losses can be prevented from showing up in open unemployment by various labour market and other policies (and changes in labour supply). All of these measures have been used to different extents by EU countries during the crisis. Thus, the situation experienced by outliers<sup>5</sup>, such as Germany and Spain, can be explained, at least in part, by the application of (or lack of) labour market policies or other institutions that help to cushion the effects of the crisis on labour market outcomes.

As an illustration of the importance of short-time working measures, Figure 9 (taken from Arpaia et al. 2010, p 34) indicates the quantitative effect of measures taken in eight countries expressed as a proportion of the labour force. Without such measures – which also have the positive effects of maintaining workers' skills and attachment to the labour market and aiding firms in recovering quickly once demand picks up – the drop in employment and concomitant rise in unemployment would have been considerably greater in these countries, even allowing

5 An 'outlier' is an observation that is numerically distant from the rest of the data.

for the fact that the figures are not expressed as full-time equivalents.

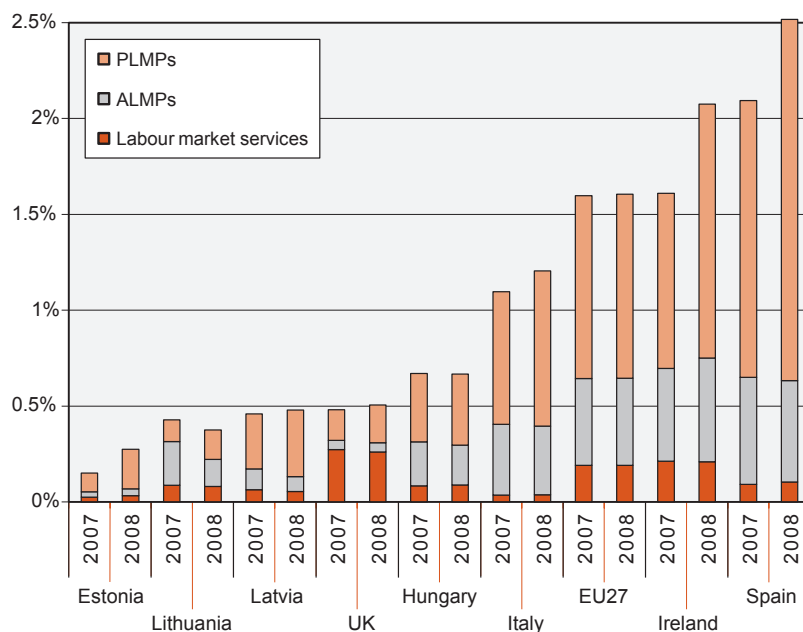
In addition to such employment-maintaining measures, active labour market policies (ALMPs) have been deployed, in most cases with a view to preventing a rise in unemployment given the existing scale of job losses. In the relatively short term considered here, the effectiveness of ALMPs depends primarily on the scale of existing measures, on timing (whether or not 'activation' policies kick in at an

early stage of unemployment) and on the mix of measures implemented (e.g., long-term training versus short-term employment subsidies). Financing systems are also important: where both passive (i.e., unemployment benefits) and active measures are financed from the same 'pot', active measures risk being crowded out when unemployment rises sharply, which is when they are needed most.

Looking at the expenditure figures (expressed here as a share of GDP), we see that in the year the crisis broke expenditure on unemployment benefits (passive labour market policies) and active labour market policies including labour market services varied greatly among EU Member States (Figure 10). There is also no apparent link between the amount of expenditure and the level of unemployment. Taking the three countries on the right of the graph, Denmark has massive ALMP spending despite (at that time) very low unemployment; the figures for Denmark are very similar to Belgium where the unemployment rate was several times higher. Active spending in Spain, with the highest unemployment rate in Europe, was comparatively modest.

Unfortunately the most recent data available are for 2008, so we cannot analyse the extent to which ALMP expenditure has reacted to the crisis across the whole of Europe. This is also reflected in the almost identical 2007 and 2008 figures for the EU27 (Figure 11). However, it is interesting to compare a number of countries

Figure 11: Developments in active and passive expenditure on labour market policies in selected countries already hit by the crisis in 2008



Source: Labour market policy, online database (Eurostat 2010b)

where the crisis struck early and where the rise in unemployment was already well underway in 2008. Unsurprisingly, there was a substantial increase between 2007 and 2008 in the share of GDP spent on the payment of unemployment benefits of various types (passive measures). This reflects both the hike in unemployment and measures implemented to extend coverage. There has been no parallel increase in spending on active measures, however. In fact, Estonia and Ireland appear to be the only countries that increased spending on active measures, although the increases are small. In most other cases, active spending has remained unchanged or decreased slightly as a share of GDP, and in Lithuania and Latvia it has actually fallen considerably. This may well be an expression of the 'crowding-out' phenomenon mentioned above. There is also no evidence of a short-term increase (i.e., already in 2008) in the staffing of public employment services to cope with the increased caseload. However, it is too soon to conclude that active labour market policy has not been effective in the crisis. We need to wait for more recent data: for example, an expansion of public employment services was announced as part of some countries' stimulus packages in 2009 (Watt 2009).

### Conclusion

The economic crisis – the result of macro-economic mismanagement and an out-of-control financial sector – has had a devastating effect on labour markets, and thus on the livelihoods and prospects of ordinary working people. A heavy price has been paid in terms of lost jobs, reduced hours and associated income losses. In some countries, the effective use of policy instruments by both governments and social partners (Glassner and Keune 2010) has helped to ease the burden on working families and stabilise the economy. Active labour market policies and effective labour market institutions have proved their worth in the crisis, and should be maintained and strengthened.

Increasing inequality was a feature of the prevailing economic growth model prior to the crisis. Given high unemployment and fiscal constraints, there is a real risk of poverty and social exclusion increasing as we come out of the crisis. The question of 'who pays' for the crisis will, in various forms, dominate political debate for the foreseeable future, as is already evident in the discussions about the austerity measures announced in a number of countries. So that the burden is not foisted upon those who can least afford it, thereby increasing social exclusion, appropriate measures, such as financial trans-

action taxes and taxes on inherited wealth or high incomes, will need to be taken. ■

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# Access to Health Services in Europe

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Universal access to health services is a commitment made by all European Union Member States. Yet, for many, health services are 'universal' in principle only and this principle has not led to equal access to and use of healthcare. Health and access to healthcare in Europe are strongly determined by socioeconomic status, which puts the most socially disadvantaged groups in an unequal position. Access to health services can be significantly restricted or conditional, and the types of services provided may be inappropriate for some social groups.

## Introduction

Eighty million European citizens – that is 17% of the population of the European Union – live in poverty. One child in five is born and grows up with economic and social deprivation. These figures are likely to be even greater if we include that section of the population for which official records are not kept. Although known for its commitment to the universal right to health (a key element of the so-called European social model), and despite the fact that its population has a much better health status than the rest of the developing world, access to health services in the European Union is not straightforward or legally ensured for all.

Recognising health and wellbeing as a human right imposes specific obligations on the global community to build an environment that facilitates the realisation of this right. It was with this obligation in mind that the United Nations Member States committed to achieving the Millennium Development Goals in 2000. However, full realisation of the right to health (globally and in Europe) is often constrained by the existence of inequalities, and their reinforcement. How does this impact upon access to health services in Europe? How does this fit with the European vision for universal social protection, social inclusion and solidarity? This report examines these and other issues in relation to access to health services in Europe.

## Definitions

The World Health Organization (WHO) defines accessibility as “a measure of the proportion of the population that reaches appropriate health services” (WHO, Regional Office for Europe 1998). Research indicates that access to health services is closely linked to the affordability, physical accessibility, and acceptability

of services, and is not based merely on the adequacy of service supply (Gulliford et al. 2002). Access to health services, including health prevention and promotion, means that people have the power to demand appropriate health resources in order to protect or improve their health. A certain population may 'have' access to specific health services, while other groups within this population encounter obstacles while trying to 'gain' access to such services. Social, financial and cultural barriers limit the availability and affordability of health services for such groups.

Universal access to health services is generally considered a fundamental feature of health systems in the European Union. Not only is the principle of universal access explicitly stated in several Member State constitutions, it has also been incorporated into the European Union Charter of Fundamental Rights. Article 35 of the Charter states: “Everyone has the right of access to preventive health care and the right to benefit from medical treatment under the conditions established by national laws and practices” (Council of the European Union 2001). It is the responsibility of governments to put in place health services, and to enable, promote and improve access to health and health services.

While WHO recommends that primary healthcare<sup>1</sup> should be at heart of every healthcare system, the inclusion of more specialised health services, such as sexual and reproductive health or mental health services, should be considered when assessing access to health services.

Access to health services goes beyond the traditional treatment-oriented approach to health and should also include health promotion and disease prevention. Health promotion defines actions aimed at enabling people to increase control over their health and its determinants such as income, housing, food security, employment and quality working conditions (WHO 2005). Disease prevention refers to measures taken to prevent disease or injury, rather than to cure or treat symptoms.

<sup>1</sup> Declaration of Alma-Ata from the International Conference on Primary Healthcare definition (1978): “essential health care based on practical, scientifically sound and socially acceptable methods and technology made universally accessible to individuals and families in the community through their full participation and at a cost that the community and the country can afford to maintain at every stage of their development in the spirit of self-determination.” (WHO 1978)

## Social determinants of health and access to health services

It is well recognised that differences in health status at the population level are closely linked to socioeconomic status. Health is affected by the political, social and economic framework in which people live: the poorer a person, the worse his or her health. Good health or ill health is not a matter of individual choice. Access to health services and the quality of the service that can be accessed are determinants of health in their own right, and have a strong social dimension.

WHO's final report on the social determinants of health 'Closing the gap in a generation: Health equity through an action on the social determinants of health' points out that:

*The poor health of the poor, the social gradient in health within countries, and the marked health inequities between countries are caused by the unequal distribution of power, income, goods, and services, globally and nationally, the consequent unfairness in the immediate, visible circumstances of peoples' lives – their access to health care, schools, and education, their conditions of work and leisure, their homes, communities, towns, or cities – and their chances of leading a flourishing life. This unequal distribution of health-damaging experiences is not in any sense a 'natural' phenomenon but is the result of a toxic combination of poor social policies and programmes, unfair economic arrangements, and bad politics. Together, the structural determinants and conditions of daily life constitute the social determinants of health and are responsible for a major part of health inequities between and within countries. (WHO, Commission on Social Determinants of Health 2008)*

In the European Union, social affairs ministers agreed in 2010 that:

*In all EU countries, social conditions are linked to the existence of avoidable social inequalities in health. There is a social gradient in health status, where people with lower education, a lower occupational class or lower income tend to die at a younger age and to have a higher prevalence of most types of health problems. (Council of the European Union 2010)*

Despite overall improvements in health, striking differences remain, not only between Member

States, but within each country between different sections of the population according to socioeconomic status, place of residence, ethnic group and gender – and these gaps are widening (European Commission, Directorate-General for Employment, Social Policy and Equal Opportunities 2010).

### **Barriers to access to health services (for different social groups in Europe)**

While healthcare systems have contributed to significant improvements in the health status of Europeans, access to healthcare remains uneven across countries and social groups. This varies according to socioeconomic status, place of residence, ethnic group, gender and other stratifying factors (Mackenbach et al. 2008).

Legal, financial, cultural and geographical barriers to access exist including lack of insurance coverage (especially affecting those without residency or citizenship, migrants, ethnic minorities, the long-term unemployed and the homeless in countries with social security contribution systems), inability to afford the direct financial costs of care (affecting low-income groups), lack of mobility (affecting disabled and elderly persons), lack of language competence (affecting migrants and ethnic minorities), and lack of access to information (affecting the poorly educated and migrants/ethnic minorities), as well as time constraints (particularly affecting single mothers). Specific gender issues overlay all of these barriers.

Financial barriers to access to health services particularly affect low-income groups and chronic patients. Poverty and income inequalities can affect insurance coverage and ability to meet the cost of certain (specialised) types of care (such as reproductive, mental, anti-retroviral, dental, ophthalmic, ear and rehabilitation healthcare). The increasing role of private health insurers and out-of-pocket payments (the amount of money paid by the patient and not reimbursed) may increase inequalities in access to health services as some social groups (women, low-income groups, the elderly, and those employed in the irregular economy such as informal carers and especially older women [AGE Platform Europe 2010]) are less likely to be covered by private insurance.

Cultural barriers to access to healthcare include health literacy and health beliefs and affect specific social groups. The distinct roles within, and behaviours of, specific social groups in a given culture give rise to differences and inequalities in access to healthcare, as well as to differences in risk behaviours and health status. Cultural prejudices, stereotypes and lack of knowledge among healthcare providers about

the particular needs of certain social groups and the types of care appropriate for them may deepen access inequalities. Certain traditions and cultural practices can mean that some groups of immigrant women and women of ethnic origin experience more difficulties when trying to access health facilities and information on sexual and reproductive health.

Uneven geographical coverage and provision of healthcare is another obstacle to access to healthcare services. Large cities and more densely populated areas are typically better supplied with healthcare facilities, services and workers. Small, rural and remote areas often lack both basic and specialised healthcare services and workers. Due to physical distance and the particular landscape (islands or mountains), people can experience problems when accessing healthcare facilities. Lack of accessible and affordable transport is more likely to affect socioeconomically disadvantaged groups.

### **Main groups at risk and access to health services in Europe**

Europe has a great diversity of vulnerable groups that may experience unequal access to different types of health services. Socially disadvantaged groups are sometimes denied access to services or experience barriers. Although it is not possible to list all of these groups, they include Roma people, people with physical disabilities, people suffering from chronic diseases, people suffering from mental disorders, the unemployed, people with poor working conditions, those experiencing homelessness, immigrants, refugees and asylum seekers, undocumented migrants, the elderly and women.

In relation to gender inequalities, a range of barriers can prevent women from enjoying their fundamental right to health and health services. These barriers may stem from factors within the health system itself – gaps and specificities in the coverage of health insurance, the scope of the public health benefits, payment co-sharing, geographical factors such as distance or lack of infrastructure, organisational factors like waiting lists and opening hours, or lack/inappropriateness of information. They may also stem from factors related to the characteristics of the service user – income, education, age, language, disability, sexual identity, cultural background and civil status (Huber et al. 2008). All of these are significantly more likely to negatively affect women, as the health insurance and healthcare systems are frequently connected to women's position in the labour market and their employment and civil status (such as being married,

single, widowed or divorced). Moreover, some of the typical gaps in health services in several EU countries include limited coverage for dental and ophthalmic services, and limited access to specialised services (obstetric and mental health services). Several treatments are prohibited or constrained in some countries on moral and bio-ethical grounds including fertility treatments and abortion (Huber et al. 2008). In countries with a politically present Catholic Church (like Ireland or Poland), such health services are considered inappropriate and even illegal, and are, therefore, unavailable.

Migrants, asylum seekers and undocumented migrants are at high risk due to difficult living and working conditions, as well as their specific migration history. They often face considerable barriers in accessing health services. Barriers exist not only due to legal status, but due to lack of interpreters/mediators, lack of information on the system at all levels, as well as a lack of cultural sensitivity and appropriateness of services provided. The combination of higher health risks, social isolation and deprivation, and less access to health services puts the health of these groups at higher risk (Huber et al. 2008).

The most universally disadvantaged group of people living in Europe is the Roma. The great majority of the Roma population is found at the very bottom of the socioeconomic scale. The Roma suffer from worse health than other population group in the countries where they live due to their higher exposure to a range of health-damaging factors (WHO, Regional Office for Europe and Council of Europe Development Bank 2006). Poverty, inadequate education, unemployment and low levels of social integration result in poor health outcomes. Discrimination and unregulated civil status (including lack of personal documents, birth certificates and insurance) make it particularly difficult for Roma to access health services. Pregnant Roma women are most likely not to have an ID card, excluding them from pre-natal and birth assistance. For similar reasons, Roma people cannot benefit from health screening programmes and Roma children cannot take advantage of health checks or immunisations. When more frequent use of healthcare services is required (due to chronic disease or old age), it can be extremely difficult for Roma people to meet out-of-pocket healthcare payments or to make pension/disability allowance claims. In relation to access to health services for Roma people, a number of additional barriers have been identified, namely, lack of knowledge of disease prevention, lack of knowledge about health service rights and lack of physical access

to services. Many Roma are not registered with a general practitioner, which may be due to a lack of documents, as well as reluctance on the part of health service providers to accept Roma patients. Their access to health services may also be influenced to a certain extent by their beliefs and cultural norms, evidenced by the fact that Roma people tend to access services for severe problems only, as hospitalisation is sometimes perceived as preceding death (WHO, Regional Office for Europe and Council of Europe Development Bank 2006).

### EU initiatives on access to health services

The Treaty on the Functioning of the European Union (TFEU) makes it clear that the main competence over health services lies with Member States (Article 168) (European Union 2008). However, Member State authorities have to respect the shared overarching values of universality, access to good quality care, equity and solidarity, which are widely recognised through the European Council Conclusions on Common Values and Principles in European Union Health Systems (Council of the European Union 2006).

Although the main competence lies with the Member States, several EU actions and initiatives impact on access to health services, such as the Open Method of Coordination on Health and Long-term Care, the Cross Border Healthcare Directive and the Anti-Discrimination Directive.

Access to health services is one of the priorities of the Open Method of Coordination on Health and Long-term Care, which aims to facilitate the exchange of best practices among Member States. Unfortunately, according to NGOs, this method has not received enough political support to deliver concrete results (Social Platform 2009).

The European Union is currently negotiating two Directives that could impact upon access to health services at the national level. The draft Directive on the application of patients' rights in cross-border healthcare (Commission of the European Communities 2008a) aims to improve the possibility for patients to obtain cross-border healthcare. Although cross-border healthcare represents only 1% of public expenditure on healthcare, increasing patient mobility could put over-stretched budgets under more pressure. Cross-border care is not a total solution, but may be an instrument to improve accessibility, quality and cost-effective care. Its potential – and its relationship with the quality, equity and cost-effectiveness of care – needs to be carefully evaluated.

Member States are also negotiating a

draft Directive on implementing the principle of equal treatment between persons irrespective of religion or belief, disability, age or sexual orientation (Commission of the European Communities 2008b). While the EU has already legislated on racial discrimination and gender equality, there is no consistent level of protection in the European Union against discrimination on the grounds of religion, disability, age or sexual orientation. The current draft Directive would offer a common legal framework of minimum protection against all forms of discrimination across all 27 Member States, including discrimination in relation to access to health services. Although Member States will remain free to organise their own health systems, they will have to ensure that all people living in their territory have access to health services and are not discriminated against on the basis of their sex, gender, race, disability, sexual orientation, religion or age.

### Conclusion

*[EU] Member States are committed to accessible, high-quality and sustainable healthcare and long-term care by ensuring access for all to adequate health and long-term care and that the need for care does not lead to poverty and financial dependency; and that inequalities in access to care and in health outcomes are addressed.* (European Commission, Directorate-General for Employment, Social Policy and Equal Opportunities 2009)

And yet, universal access to health services tends to be 'universal' in principle only. Inequalities in access to and use of health services prevail in all Member States of the European Union, and they are on the rise. Health and access to health in Europe are strongly determined by socioeconomic status, which puts the most vulnerable groups in an unequal position when trying to access health services both in terms of prevention and treatment. Access can be significantly restricted or conditional, and the types of services provided may be inappropriate for the certain groups.

With the current economic downturn, most European governments have already decided to cut spending on social and public sectors – health is one of the sectors that has been targeted for cuts. This may translate into more out-of-pocket payments for people, which will impact on people with low resources increasing their vulnerability. Less affordable and accessible health services will inevitably mean increased inequalities in the European Union;

this will impact on its future social progress and development. ■

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# Housing in Europe: The Impact of Globalisation on a Once Local Issue

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In 2010, the European Year for Combating Poverty and Social Exclusion, the Belgian Presidency has been preparing the European Consensus Conference on Homelessness, which is to take place in Brussels in December 2010 (European Commission 2010). Activities have included the exchange of experiences and best practices, and a lot of 'big statements'. However, until now there has been no substantial commitment to deal with the deteriorating housing situation and the need for structural 'supranational' intervention.

## The EU and its (lack of) housing policies

The European region is strongly influenced – politically, socially and economically – by the European Union on the matter of housing. This influence is increasingly evident since globalisation, which has encouraged the free movement of capital and enterprises, heavily changing urban structures and attracting massive migration from within and outside Europe.

Despite the increased need for housing policies in Europe, and the legal obligation of individual states to provide this as signatories to the International Covenant on Economic, Social and Cultural Rights (ICESCR) (Office of the High Commission for Human Rights 1966, Article 11) and as members of the Council of Europe (Article 31 of the European Social Charter), the EU does not have dedicated structural funds for housing, as housing is not within its competence under the Lisbon Treaty. While the statistics confirm a need for housing policies at the European Community and supranational levels, the fact that housing is not a Community competence is a backward step from the policies of the European Coal and Steel Community, which until 1997 managed 13 low-cost housing programmes benefiting about 220,000 housing units.

As housing is a national competence, the EU has no specific legislation on poverty and housing. However, with the entry into force of the Lisbon Treaty, the Charter of Fundamental Rights now has the same value as EU treaties. The EU has to respect Article 34 (Official Journal of the European Union 2010a) and enact legislation to protect this 'right to housing assistance' and take measures to ensure that the legisla-

tion is implemented, such as providing financial support through the European structural funds and European Regional Development Fund. Most urgently, the EU should introduce a ban on evictions without adequate relocation.

As the right to housing assistance is a fundamental right, its impact should be analysed in order to better understand its implications for EU policy. This could be executed by the Commissioner for Fundamental Rights of the Council of Europe and the EU Agency for Fundamental Rights. The recommendations of the Commissioner for Human Rights (Council of Europe 2009) should also be implemented at the EU level.

The entry of new countries into the EU, many of which have inherited disastrous policies and have undergone the privatisation of entire neighbourhoods (often degraded), gave a push to policies for housing recovery at the EU level, starting with the restoration of public urban patrimony in new Member States. This policy has been re-launched with the Directive on Energy Efficiency 2010/31/EU (Official Journal of the European Union 2010b), which sets a standard of zero emissions for public buildings by 2018, and the European Regional Development Fund, as regards the eligibility of Energy Efficiency and Renewable Energy Investments in housing (European Parliament and Council of the European Union 2009). However, the structural funds are still directed to property (buildings), not to the right to housing and to who lives there: they don't address the development of public housing or provide support to those who live in substandard or too expensive housing.

CECODHAS, the European Federation of Social, Cooperative and Public Housing, is now facing threats from rising real estate prices and financial groups seeking tax breaks and land to help a market in crisis, and who see the public sector as a competitor. In Italy, for example, in addition to the zeroing of public intervention in the sector, there is a push by the Government to entrust public-private partnerships with the development of 'social housing' with a guaranteed return for investors. Such a proposal conflicts with the policy of the European Commission, which limits social housing to the marginalised sector of the population and prohibits the use of state-aid for private gain, considering it a violation of freedom of competition. In fact, the EU Commission has accepted the complaint of the European Property Federation asking

Sweden and Holland to eliminate state-aid for the public housing sector.

There is a growing tendency for the managers of social housing, for example in France and Italy, faced with cuts in public spending, to leave houses in more attractive areas vacant and derelict, preferring to demolish or sell them. This approach confuses neoliberalism with assisted capitalism, and does not favour the social dimension of housing at all, but only the real estate 'market'.

## The impact of the global economic crisis

The global economic crisis is affecting all countries equally, but some are more equipped than others to deal with its impact. In countries where there has been a policy of public housing, there is a higher level of resilience. The data show a rise in the insecurity of tenure: according to Eurostat, 17% of the EU population, i.e., about 85 million people, are ill-housed, of which about 3 million are homeless. Thirty-eight per cent of people at risk of poverty spend a very large share (i.e., more than 40%) of their disposable income on housing – compared to 19% of the overall population (Eurostat 2010a). This is evidenced by the increase in the number of slums since the crisis, which are more visible and often are located on brownfield sites, where the speculators want to make money through redevelopment.

Perhaps the most striking example of the conflict between the right to housing and speculative priorities is Milan, where, to make way for the investment for the Expo 2015, the Government carried out 117 evictions of irregular settlements from January to July 2010, often with a racist matrix (Caritas 2010).

In countries where welfare is weak, such as Italy and Spain, there has been a significant increase in property prices, reduced only in part by the collapse of the housing market (RICS 2010).

In Italy, 150,000 families are at risk of losing their home because they cannot pay their mortgage; the same number are under threat of eviction (over 80% for non-payment) and 600,000 are on the waiting list for public housing. In the United Kingdom, there are 1,763,140 families on the waiting list for public housing (Government of United Kingdom 2009). Immigrants often are cited as the reason for the lack of housing for the indigenous people, but this does not hold true because migrants often

live in poor or substandard housing rejected by the locals.

The absence of adequate public response to the inaccessibility of the market, as well as the housing benefit cuts, are leading to the collapse of family social safety nets, with children staying in their parents' house for longer and the co-habitation of new couples with their parents (Eurostat 2010b). The coalition of housing benefit cuts proposed by the Government of the United Kingdom (£1,820m by 2014/15) (CIH 2010), are driving poor people out of inner cities. London councils revealed they were preparing for a mass exodus of low-income families and they had already block-booked bed and breakfasts and other private accommodation outside the capital to house those who will be priced out of the London market (Helm and Ashtana 2010).

It is expected that the next census will show that, while the number of homeowners has fallen, there has been an increase in overcrowding and a deterioration in the quality of housing, as well as a growth in slums in Europe, as is already happening in the United States.

At the European Social Forum in Istanbul in 2010 (IAI 2010a), the International Alliance of Inhabitants (IAI) met with dozens of organisations on the continent to take stock of the Zero Eviction Campaign (IAI 2010b). This campaign is based on the defence of Article 11 of the International Covenant on Economic, Social and Cultural Rights (Office of the High Commissioner for Human Rights 1966) and on general comments n. 4 and 7 prohibiting eviction without provision of adequate re-housing agreed with the inhabitants. The campaign is working to develop multilevel resistance to eviction by organising appeals and protests in front of the embassies and by calling for UN intervention. The presence of the International Alliance of Inhabitants and other civil society networks inside the Advisory Group on Forced Evictions of UN Habitat, which monitors, informs and advises the UN, reinforces the campaign at the institutional level.

In France, mobilisation by civil society in support of the right to housing is very strong (IAI 2010c), despite the historically developed social housing, which is in any case insufficient. Traditionally, there is a winter 'truce' on evictions from October to March, but many are excluded from this, including the Roma people (IAI 2008a). There have also been innovations introduced by progressive local authorities: 40 local mayors have signed decrees to stop evictions and the cutting off of electricity (IAI 2008b), resulting in confrontation with the central Government.

The situation is worse in many of the new EU Member States. In Hungary, the housing situation

is critical, forcing the centre-right Government to block almost all evictions, including those for non-payment (IAI 2010d). The movement for housing rights (IAI 2010e), following the example of the Cooperative Vivere 2000 (IAI 2008c) and others in Rome, is proposing the self-managed recovery of abandoned buildings. In the Czech Republic, homelessness is a growing problem; the Government had planned to build camps for homeless people to 'clean up' the city centre (IAI 2010f), but this plan was shelved after protests.

Civil society is active in Belgium, led by the Front des sans abri (Union of the Homeless) (IAI 2010g), and some organisations are proposing the establishment of Community Land Trusts (IAI 2010h) for the collective ownership of land on which to build homes.

People are also active in Spain (IAI 2010i), where the housing bubble exploded and corruption and speculation connected with entire municipalities has come to light. Meanwhile, real estate contractors are moving off the coast to North Africa.

In Germany, the mobilisation has been massive – not just for the privatisation of the housing sector, but more generally for the 'Right to the City' (IAI 2010j).<sup>1</sup> In the United Kingdom, tens of thousands of 'travellers' are at risk of eviction; their plight is symbolically represented by the resistance of the community at Dale Farm (IAI 2010k).

In the Russian Federation, privatisation has led to the exclusion of millions of people whose houses were connected to their workplace. The privatised companies were sold to speculators and employees and tenants evicted. This resulted in some large demonstrations (IAI 2008d), particularly at Togliattigrad. There were also some clashes, some quite violent, between residents and security guards of companies wanting to build in the green areas of cities like Saint Petersburg (IAI 2009a) and Moscow (IAI 2009b), for which public officials had given

<sup>1</sup> The 'Right to the City' is an idea and a slogan that was first proposed by Henri Lefebvre in his 1968 book *Le Droit à la ville*. Lefebvre summarises the idea as a "demand... [for] a transformed and renewed access to urban life. David Harvey has recently defined 'The Right to the City' (Harvey 2008) as being about "far more than the individual liberty to access urban resources: it is a right to change ourselves by changing the city". He has also stressed that: "It is, moreover, a common rather than an individual right since this transformation inevitably depends upon the exercise of a collective power to reshape the processes of urbanization." A number of popular movements have incorporated the idea of the 'Right to the City' into their struggles and some cities, like Mexico DF, have signed (in July 2010) the 'Right to the City' chart. Brazil has even approved the Law on the Statute of the city, introducing the 'Right to the City'.

illegal building permits.

Large-scale infrastructure has also led to substantial expropriations – often with the co-interest between public officials and constructors. This was the case with the London Olympic Games 2012 and Sochi (IAI 2009c) on the Black Sea for the Winter Olympics in 2014. Both cases spurred resistance from people and committees, including hunger strikes.

In Turkey, the emergency is related to the neoliberal approach to the global crisis and to Turkey's candidacy for the EU membership – which has led to the destruction of popular neighbourhoods like the historic Roma district of Sulukulé to make way for speculative investment in property for high-end tourists. Great building contracts, such as the third bridge over the Bosphorus, are being granted to attract capital, putting hundreds of thousands of people at risk of eviction and erasing entire popular neighbourhoods (IAI 2009d).

### Call for a new social urban pact

The solutions to modern European housing issues are varied and involve different actors. The most innovative is a proposal to develop a public housing service through cooperatives of inhabitants for self-managed construction and recovery. The resources would come from local government budgets and the inhabitants themselves, beginning with the recovery of vacant properties. This could result in significant immediate and future savings, as the inhabitants would play an active role in the process and would not be mere customers of the market or users. The goal is the security that comes with lifelong housing rights and the re-appropriation of the right to the city through inclusive processes at different levels (IAI 2007).

Concurrently, to tackle the causes and deal with the effects of the global economic crisis on the housing sector, supranational policies are needed that assume the right to housing and the responsibility of all stakeholders, including residents, in the construction of future cities. These are essential elements in a structural change, not just patches to the existing system.

At the European level, a great lobbying role is being played by FEANTSA, an umbrella not-for-profit organisation that fights against homelessness in Europe (FEANTSA 2010). Another important organisation fighting against social exclusion is the International Union of Tenants, which recently made an appeal for 'A new deal for affordable rental housing' (International Union of Tenants 2010). Also of note is the European Housing Forum, whose members are all major international or European organisations working in the area of housing, represen-



ting consumers, providers, professionals and researchers (European Housing Forum 2010).

Last, but not least, international networks for the right to housing (such as the Habitat International Coalition [HIC], IAI and No Vox) have called for an alternative approach during the 'informal meetings' of the Housing Ministers of the EU Member States and in conferences such as the European General State of Housing Rights (IAI 2010). The global economic crisis has generated a call for a 'Global Social Pact for Equitable and Sustainable Habitat' (IAI 2008f) among these networks, addressed to the G20. The emphasis is on the need for a new social compact at the global level to improve the urban living conditions of at least one billion people currently homeless or badly housed, including funding a 'Green New Deal', which would encompass developing international instruments for the public control of prices and land use, which are essential conditions for sustainable settlements respectful of human rights and environmental concerns. The first step is a moratorium on evictions.

Convinced of the need for such a pact, and careful that any proposal involves the whole of continental Europe, the International Alliance of Inhabitants and others are engaged in a European platform to fight for these rights (IAI 2009d). The main objectives are the explicit recognition of the right to housing in the EU constitution; the launching of a New Deal for Social Cohesion through a coordinated European Public Housing Service; a stop to the privatisation, commercialisation and deregulation of the housing sector; ensuring the affordability of housing costs; and supporting the creativity and social inclusion of inhabitants.

These proposals, which are a fundamental reference point for various initiatives across the continent, are still far from influencing the political choices of individual countries and of the EU overall. Therefore, it is interesting to note the development of international meetings, notably inside the Social Forums, as space for the construction of common strategies and initiatives.

World Zero Evictions Days (IAI 2010b), which involves grassroots organisations from all continents during the entire month of October, is a test of the potential of this bottom-up approach. A development that might be made possible by the aggregation taking place in the construction of the World Assembly of Inhabitants (World Social Forum [WSF] Dakar, February 2010) (IAI 2010m), and which should lead to the creation of the Via Urbana, a real unitary subject of inhabitants organisations and of urban social movements, which is able to be a strong coun-

terpart to the supranational and international bodies like the EU.

### **Platform for housing policies and European directives on the right to housing**

All of the European Union Member States have ratified international treaties and conventions that recognise and protect the right to housing. Despite this legal recognition, and their commitment to achieving Millennium Development Goal 7, Target 11 and the Lisbon Strategy for social inclusion, housing rights are increasingly being violated.

In light of the failure of the neoliberal approach, social organisations working in the field of housing would urge their respective governments and the European Union to take up the following proposals to promote coordinated policies among the EU Member States, accompanied by the strengthening of the related competencies of the EU bodies.

The following recommendations were made by IAI in its publication '*European platform on the right to housing*' (IAI 2009d).

#### **1. Explicitly recognise the right to housing in the EU Constitution**

The EU should adopt the international conventions on the right to housing, and public bodies including the European Commission should respect the legal obligations and resulting responsibilities by implementing policies based on these rights at all levels, including:

- Directives for legally enforceable housing rights.
- Directives to reinforce legal regulations in favour of the right to housing and the provision of effective instruments to all Member States for their implementation (such as legal standards and public guarantees as to the accuracy and security of rental contracts; legal mechanisms to oppose extra-legal pressure and mobbing; and a prohibition on eviction without rehousing).

#### **2. Launch a 'New Deal for Social Cohesion' through a coordinated European Public Housing Service**

The objectives of the coordinated European Public Housing Service would be to:

- Address the relative housing deficit through the construction, recuperation or purchase of at least 18 million new affordable homes in 5 years.
- Improve the energy efficiency of the existing housing stock, beginning with the not-for-profit sector, by establishing by 2010 a European Directive for Zero Energy Proper-

ties.

- Provide funding for the housing sector: the EU should develop a specific Housing Cohesion Fund, which could partly be financed by national taxation on financial and real estate speculation, as well as the European structural funds.
- #### **3. Stop the privatisation, commercialisation and deregulation of the housing sector**
- The public housing sector should be totally excluded from the Bolkenstein Directive for the liberalisation of public services of general interest.
  - Member States should immediately stop the privatisation of public housing and develop alternatives for the housing stock within the framework of a new European public housing service.
  - The introduction of new national or European Real Estate Investment Trusts (REITs)<sup>2</sup> should be stopped. The EU should instead develop a model of Housing Finance Trusts under public control.
  - Public control, legal regulations and taxation on existing Real Estate Investment Trusts should be reinforced.
  - Highly speculative derivatives and securitisation instruments like mortgage-backed securities should be banned within the housing sector.

#### **4. Ensure the affordability of housing**

- The EU should develop a strategy that ensures that housing costs (rent or mortgage plus service charges) in all Member States do not exceed a certain proportion of household income. In no case should these costs force households to drop below the poverty line.
- Possible tools for reducing housing costs include the provision of public and social housing; legal means of price and rent control; social tariffs for utilities; direct housing subsidies for the poorest households; the introduction of a guaranteed minimum income; public credit for housing investment at reduced rates; the concession of public land for social housing; public investment in housing and subsidies to improve energy and water efficiency; the optimisation of infrastructure; and transparent costs for public

<sup>2</sup> A Real Estate Investment Trust or REIT is a tax designation for a corporate entity investing in real estate that reduces or eliminates corporate income taxes. In return, REITs are required to distribute 90% of their income, which may be taxable, into the hands of the investors. The REIT structure was designed to provide a similar structure for investment in real estate as mutual funds provide for investment in stocks.

services.

- Social welfare and unemployment benefits should guarantee at least the payment of the average cost of decent housing according to local standards, without discrimination.

## 5. Support the creativity and social inclusion of inhabitants

- The EU should develop a programme supporting the development of alternative housing solutions and experimental projects for new types of social housing, which are sensitive to multiculturalism and the issue of social exclusion, in partnership with local authorities, civil society and social investors (e.g., housing co-operatives for collective ownership and adaptive reuse and self-build communities).
- Such programmes should be accompanied by support for international exchange, inhabitants' networks and international studies.
- The EU should support the development of legal standards for the social use of vacant properties and their restoration or adaptive reuse.
- To this end, the criminalisation of squats, resistance against evictions and rent strikes must be stopped. ■

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# Financial Exclusion and Access to Credit

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Financial exclusion can be described as the inability of individuals, households or groups to access necessary financial services in an appropriate form. It can stem from problems with access, prices, marketing or financial literacy, or from self-exclusion in response to negative experiences or perceptions. Financial exclusion is a reality for many European citizens. Two in ten adults in the EU15 and almost half in the EU10 (47%) do not have a bank account, and many more have no savings or access to credit. Financial exclusion significantly increases the risk of social exclusion and poverty. Microfinance – the provision of financial services such as microcredit (for business or personal use), savings, insurance and transfer services to low income households – can be a tool for social as well as financial inclusion, as it helps to prevent and address all the aspects of exclusion – poverty, low income, lack of employment. These aspects are both major components of, and reasons for, social exclusion.

## What is financial exclusion?

As European societies and economies move towards relying on virtual money, simple tools such as a credit card and a bank account to receive income into have become essential to daily life. Lack of access to these tools and services, or the inability to use them, is a serious obstacle to economic and social integration.

A person is considered financially excluded when they have no access to some or all of the services offered by mainstream financial institutions in their country of residence or do not make use of these services. The study 'Financial services provision and prevention of financial exclusion' (Réseau Financement Alternatif 2008) establishes a list of basic financial services considered essential to daily life: a bank account to receive income; a transaction account to make payments from; a savings account to store money; and access to unsecured credit to manage temporary cash shortages and unexpected expenses.

Access to banking (and transaction banking services in particular) is considered a basic necessity in most developed countries. The provision of transaction banking services is key to accessing other financial services such as credit and savings. Lack of transaction banking services runs parallel with social exclusion, as people are not able to receive

salaries or remittances, pay bills by direct debit or use safe means of payment such as cheques or cards. This distorts their access to broader economic opportunities and increases their risk of poverty.

Similarly, access to credit has become necessary for various aspects of daily life. Credit is the main financial tool that enables access to goods or expenditures that oversize the monthly budget, such as equipment goods. Lack of access to, or use of, credit impacts on access to the minimum national standard of living, and can stigmatise people. 'Credit excluded' people, i.e., those who are refused access to credit by mainstream lenders, are exposed to informal moneylenders who loan money at extortionate rates. Lack of access to appropriate and flexible credit impedes the averaging out of financially difficult periods and may lead to over-indebtedness.

In contrast, lack of access to savings services is usually considered less of a problem in European societies, as it concerns far less people than lack of access to other banking services and credit. Still, it remains a problem for some people who either lack the necessary documents to open a deposit account or who do not see the point in opening one.

Access to insurance services has increasingly come under scrutiny. Although it is compulsory to have some kinds of insurance (e.g., car insurance), it has not yet been determined what kinds of insurance are considered essential when talking about financial exclusion.

It is important to acknowledge that financial exclusion is not an absolute concept (excluded or not), but a relative one, rather like poverty, with degrees of exclusion. People vary as to the extent of their engagement with specific services, and they also vary in terms of the number of types of financial products to which they have access. It is, therefore, useful to use the term 'financially excluded' for those who lack all products and 'marginally' excluded for those who have limited access.

## Levels of financial exclusion

The Eurobarometer reports that 7% of the population in the EU15 is considered to be financially excluded, meaning that they have neither access to a transaction/deposit bank account, savings account nor revolving credit (European Commission 2004b). Levels of financial exclusion vary widely. The lowest rates occur in countries where the standard of living is universally high. In the EU15, Greece has the

highest rate of financial exclusion, followed by Portugal and Italy. Luxembourg has the lowest rate, followed by the Netherlands, Denmark and Sweden. At the same time, in the EU10, one-third (34%) of the adult population is financially excluded (some countries in the EU10 still have a transition economy and levels of gross domestic profit are low). In the EU10, Latvia and Lithuania have the highest rate of financial exclusion and Slovenia the lowest. It has to be noted that the Eurobarometer may overestimate levels of financial exclusion. National surveys have only been undertaken in some countries, but they generally indicate lower levels of banking exclusion than estimated by the Eurobarometer. This is probably because of problems in defining the different types of bank accounts in a way that can be applied across Europe, as well as differences in sampling and the timing of surveys.

Financial exclusion affects some groups of people more than others, and, on the whole, similar types of people are disproportionately affected regardless of the prevailing level of exclusion in their country. Generally speaking, people with low levels of income, less education, who are part of an ethnic minority or with a migrant background, and who are either very old (over 65) or very young (18–25) are more likely to be financially excluded than others. Women are twice as likely to find themselves completely excluded from financial services than men. People who are completely financially excluded are also more likely to be found in households with no wage earner or in single parent households. As regards working status, students and unemployed people are most likely to be affected. The occurrence of financial exclusion is higher in rural than in urban areas (this is most noticeable in the new Member States), and is also higher in deprived areas. There is also evidence that financial exclusion is linked to people's knowledge of, and exposure to, financial services.

## Causes and consequences of financial exclusion

Several factors are considered major causes of financial exclusion in European countries. They can be broadly grouped into three categories: societal, supply and demand factors.

A range of societal factors have been identified as having an impact on people's access to, and use of, financial services. With the increasing diversity of financial institutions and services caused by the liberalisation of

financial services markets, it is hard to gain a general overview of the sector and the opportunities available. Studies also reveal a strong correlation between levels of income inequality (measured by the Gini coefficient) in a country and the incidence of financial exclusion. Furthermore, societal changes such as structural changes in the labour market and the rising number of single people and single parents, as well as other demographic evolutions, increase people's vulnerability to financial exclusion. The regulatory context, together with government social and economic policy, also needs to be considered.

Supply factors take into account a financial institution's criteria for accepting a client, the fees it charges for access to its services and its requirements (e.g., its risk assessment procedures). These can lead a bank to refuse services to a person and can act as a strong deterrent to a potential client seeking a particular financial service. Supply factors encompass the geographic location of the institution, which in several cases is a primary cause of financial exclusion.

On the demand side, the potential client's priorities, concerns and cultural context need to be taken into account. This is crucial in understanding a person's personal and psychological relationship with money and how they view the financial sector. For instance, savings exclusion can be the result of the lack of a habit of saving money in a bank or an unwillingness to deal with banks because of negative past experiences or prejudice; this is referred to as 'self-exclusion'.

Financial exclusion is deeply interrelated with social exclusion: when social exclusion automatically leads to financial exclusion, financial exclusion is considered as belonging to a process that reinforces the risk of social exclusion. Hence, the consequences of financial exclusion on the individual and the society must not be underestimated. Those unable to access finance for enterprise development or personal consumption have greater difficulties in integrating socially and economically. No access to financial services may bar people from accessing vital services and activities, including employment, as some companies pay their employee's wages by electronic transfer only. Equally, financially excluded people can have difficulty participating in mainstream social activities and events specific to their cultural reference group. Financial exclusion also results in less ability to face financial shocks and unexpected expenses. People excluded from savings services are more vulnerable to theft, as they are forced to keep their cash and savings at home. Moreover, people excluded from financial services such as cheques and transfers by the

mainstream financial sector are likely to turn to institutions that offer these services at a much higher price. This is also true for access to credit, as people who are refused credit from mainstream financial institutions are forced to turn to private intermediaries or informal moneylenders, who charge more and offer less favourable conditions, further exacerbating their vulnerability and exclusion, and putting them at risk of becoming over-indebted.

### **Microfinance: Addressing social and financial exclusion**

Microfinance is a new and innovative instrument that first emerged in developing countries to fight poverty. It refers to the provision of financial services – microloans, savings, insurance services and transfer services – to low income households. Studies worldwide on the impact of microfinance generally support the proposition that microfinance reduces vulnerability by helping clients to protect themselves against future risk and to cope with shocks and economic stress events.

In the European context, microcredit (the provision of loans for microenterprise creation and development) predominates. Although this tool has been used to reach millions of people worldwide, it has only quite recently been applied in the European Union. In the EU context, microcredit is "the extension of very small loans (usually below €25,000) to entrepreneurs, to social economy enterprises, to employees who wish to become self-employed, to people working in the informal economy and to the unemployed and others living in poverty who are not considered bankable" (European Union 2007). Microcredit assists people in creating or expanding income-generating and job-creating activities or microenterprises. But microcredit can also be used by people who have no access to traditional lines of credit for unexpected expenses (such as healthcare, a deposit on an apartment, or to pay for a driver's license or purchase a vehicle).

Although the sector is still young in Europe, microfinance organisations are steadily growing and professionalising their operations. A range of different organisations are providing microfinance in the various Member States, depending on the regulatory environment in each; these include non-governmental organisations, foundations, government bodies, savings banks, banks, credit cooperatives, credit unions and non-bank financial institutions (NBFIs). The main model for microfinance in Western Europe, where most actors entered the market after 2000, is linkage banking – a model that reaches out particularly well to

at risk-groups. As generally only traditional, licensed financial institutions (usually banks or government agencies) are allowed to conduct microfinance operations in these countries, microcredit is disbursed by microfinance focused non-profit organisations in partnership with banks. The non-profit organisations establish contact with the microloan clients and provide Business Development Services to them, thereby increasing the business survival rate and minimising the risk of non-repayment. They also sometimes provide loan management services to the banks. In contrast, in Eastern Europe, microcredit is mainly provided by for-profit NBFIs, which have evolved from NGOs or have been downscaled from banks.

According to a report commissioned by the European Microfinance Network, 'Overview of the Microcredit Sector in the European Union 2008-2009' (Jayo et al. 2010), which gathered data from 170 microfinance providers, 63% of microlenders in Europe define their mission as job creation and 62% as social inclusion and poverty reduction, in addition to their focus on microenterprise promotion (70%). Moreover, 'unbankable' persons, i.e., financially and often socially excluded persons who will remain excluded from the mainstream financial services in the mid to long term, make up 70% of microfinance clients in Europe. Nearly half (47%) of EU microlenders explicitly target people excluded from mainstream financial services, 44% target women, 41% immigrants and ethnic minorities and 32% target the rural population.

Microcredit can, therefore, be a tool for social as well as financial inclusion, as it helps to prevent and redress all aspects of exclusion – poverty, low income, lack of employment – which are major components of, and reasons for, social exclusion. Moreover, programmes that provide training, advice, mentoring and networking opportunities, enhance the skills and social empowerment of underprivileged groups, further contributing to their inclusion. Microfinance, through its broader range of services, such as savings and insurance, can assist poor people to plan for future lump sum needs, reduce their exposure to income changes or sudden expenses, and increase their participation in social life.

The European Union has acknowledged microfinance as a tool for inclusion and has played an important role in the development of microfinance since 1998. The EU has provided partial guarantees to cover portfolios of microloans under its growth and employment initiative (1998–2000), the multi-annual programme for the promotion of enterprise and entrepreneurship, and, in particular, small and medium size

enterprises (SMEs) (2001–2005), and under the Competitiveness and Innovation Framework Programme (CIP) (2003–2007). In Central and Eastern Europe, the European Investment Fund has partly encouraged microfinance through the Phare SME Finance Facility. Only recently has the European Union re-affirmed this engagement through three new programmes. As such, in 2007, the EU established the Joint European Resources for Micro and Medium Enterprises (JEREMIE) to improve access to finance for SMEs, including microfinance, as well as the Joint Action to Support Microfinance Institutions in Europe (JASMINE). In March 2010, the EU set up the European PROGRESS Microfinance Facility for Employment and Social Inclusion to cushion the effects of the global financial and economic crisis<sup>1</sup>. With a budget of €20 million in the case of JASMINE and €100 million for PROGRESS (expected to leverage €500 million), JASMINE and PROGRESS are the largest single programmes ever for promoting microcredit in the European Union. They will provide additional guarantees and financial capital, as well as technical assistance for new and non-bank microfinance institutions, with the ultimate aim to increase access to, and the availability of, microfinance, especially for at-risk groups such as the unemployed, vulnerable people, and people at risk of unemployment or social exclusion, and to support the development of entrepreneurship and microenterprises.

### Recommendations

There are several possible responses to financial exclusion. The following is a non-exhaustive list of recommendations for the different stakeholders involved in the provision of financial services: financial providers, national governments and the European Union.

#### Financial providers:

1. In several European countries, the banking sector has developed voluntary charters and codes of practice in relation to the provision of basic low transaction bank accounts to meet the needs of people with low and unstable incomes. Codes of practice and voluntary charters should be further promoted by financial providers and their effective implementation ensured.
2. Banks and other financial providers have become increasingly involved in microfi-

<sup>1</sup> The European Community Programme for Employment and Social Solidarity (2007–2013) PROGRESS was established to financially support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda. It is managed by the Directorate-General for Employment, Social Affairs and Equal Opportunities.

nance activities, either through partnerships or by setting up their own programmes. The linkage banking model (non-profit organisations linking low-income clients with banks) should be further strengthened through joint programmes and reinforced cooperation between banks and NGOs, as it has proved to be a particularly successful way of promoting access to finance. Both sides benefit from this model: banks obtain specific information on this customer segment and can outsource part of their operating costs, while non-profit organisations learn techniques from banks such as customer evaluation and scoring.

3. Initiatives to produce easily understandable, honest and comprehensive advertising and promotional material and to work with trusted intermediaries to promote take-up among potential clients should be promoted by financial providers.
4. Microfinance providers need to grow in order to be able to serve the high level of unmet demand, while at the same time ensuring that they reach out to their respective target groups. They should recognise that they serve a unique market and be more innovative in developing marketing approaches, products, services and cost-effective delivery mechanisms. Moreover, they need to be able to monitor the social impact of their work and communicate it to the public and possible funding sources.

#### National governments:

5. Governments can establish a favourable legislative framework to promote financial inclusion. In several countries, pressure from the government and public opinion have successfully encouraged the banking sector to adopt voluntary codes of conducts regarding basic bank accounts provision (e.g., in Belgium, France and Germany). Governments should also remove specific obstacles to the involvement of some people in the banking system (for example, people 'blacklisted' for not repaying loans) and limit practices of financial services institutions that exploit financially excluded people through high credit fees and lack of transparency.
6. Governments can contribute directly to the provision of financial services to low-income people by providing funds to non-profit associations conducting financial education programmes, commissioning research projects to investigate the causes of financial exclusion, and recommending measures to combat them.
7. Governments should recognise that microfinance can be an effective tool for combating

poverty and financial exclusion and recognise the uniqueness, difficulty and, therefore, costs of serving microfinance clients. Governments should encourage microfinance initiatives and networks on a national level and provide funding, especially for associated non-financial services such as advice and counselling.

#### European Union:

8. The fight against financial exclusion should be constantly included in the National Strategic Reports on Social Protection and Social Inclusion elaborated by each country within the EU framework.
9. Clear indicators of the extent of the financial exclusion problem need to be developed, as well as common definitions of the different types of financial exclusion.
10. The microfinance schemes supported by the European Union (like JASMINE) should be based on clear development targets and objectives, which should be agreed with any microfinance provider that receives support under these schemes. ■

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- <www.fininc.eu>

# Women's Poverty and Social Exclusion in the European Union at a Time of Recession. An Invisible Crisis?<sup>1</sup>

Oxfam International and European Women's Lobby<sup>2</sup>

## The research

In October 2009, Oxfam and the European Women's Lobby (EWL), commissioned research to explore and analyse the hidden impact of the current economic recession on women's poverty in EU countries. The research was conducted with EWL member organisations, and supplemented with other research and information available at the end of 2009. Oxfam and EWL conclude that the research gives a snapshot of the current position of women in poverty, reinforcing what is already known about the persistent social exclusion experienced by many women. It also provides some evidence that the impact of the recession is making the inequality faced by women even worse. It is difficult to separate out evidence of women's long-term poverty, from the effect of the current recession – and further research is needed in this area. But the evidence here clearly indicates that the recession is already having a significant negative effect on the lives of women, not only in relation to the labour market, but also, crucially, outside it. However, the impact of the recession – direct and indirect – on women remains largely invisible and further in-depth analysis is urgently required. This report documents evidence of: precarious working conditions;

increasing discrimination in the labour market with a subsequent shift to informal work; rising levels of poverty; reduced access to services; and rising levels of domestic violence, accompanied by cuts in vital support services.

## Women and poverty in Europe

### Existing poverty

All over the world, women remain poor in relation to men. This is true in every Member State in Europe, although differentials vary from country to country. Just under 17% of women in the EU's 27 countries are classed as living in poverty, and across a range of indicators in the labour market and in social protection, the structural causes of poverty have a disproportionate impact on women. The continued existence of women's poverty has long been a concern of the European Union, and a range of measures supporting gender equality and tackling poverty demonstrate the continuing significance of women's social inclusion as an issue. The persistence of poverty in such a rich region of the world is shocking, even before the impact of recession has been considered. This report provides evidence of the continuing and underlying poverty experienced by women in the EU, and adds some evidence of the additional impact of the recession.

Debate about tackling recession among policymakers currently focuses on attempts to regulate the financial sector and on whether governments should withdraw financial stimulus packages (and if so, when). But it is essential not to lose sight of the huge and continuing social impact of the recession, and of the different consequences for women and men – especially those facing poverty and social exclusion.

### Limitations of the data

Existing limitations and gaps in the data on women and poverty make it hard to assess the impact of the recession on women. For example:

- The data available lags behind the reality, reflecting delays in the collection and publication of information. This is especially important given the rapidly shifting nature of the issues involved.
- Women are more likely to change jobs frequently, and to be in temporary and/or informal work. Measures of unemployment

and redundancy therefore often fail to capture adequately their specific experiences.

- There has been far less gender-disaggregated study of increases in economic inactivity, or in informal or vulnerable work, or on the quality of life for women beyond the labour market (e.g., access to quality services and participation in community activities).
- Existing statistics often treat women and men as homogenous groups, and fail to address adequately the differences within each category (according to class, race, age, disability, faith and sexual orientation).

### Impact of poverty on women at a time of recession

At the beginning of 2010, most EU countries had officially moved out of recession. However, recovery from the effects of the banking crisis in autumn 2008 remains very fragile. The massive sums spent by EU governments to bail out the banks and provide support to failing industries, although necessary to stave off widespread economic collapse, have resulted in large public spending deficits. Action to reduce these deficits is likely to fall – or in some cases, is already falling – unfairly, on people in poverty, especially through cuts to health, education and social protection budgets. In Ireland, for instance, a series of budgets have cut child benefits by 10%, public-sector pay by up to 15%, and raised prescription charges by 50%. In Greece, a raft of measures has been announced which will cut the public sector and increase taxes significantly.

The research for this paper was carried out in 10 Member States, and it is important to emphasise that not all countries in Europe have the same starting point in their economic and social development, for example, on gender equality, or the nature and extent of social protection. Drawing on the evidence from EWL members, this research highlights the following themes:

- **Poverty and standard of living:** Greater difficulty in obtaining work (Austria); rising housing, energy, and living costs (Austria and Romania); higher levels of debt and difficulty with repayments, less and poorer quality food (Romania); increasing levels of debt among Roma women (Slovakia); and increasing fears about unemployment and incomes (UK).

1 The material on pages 29–31 is adapted by the publisher from Oxfam International/European Women's Lobby (2010) 'Women's poverty and social exclusion in the European Union at a time of recession'. In: Oxfam International/European Women's Lobby (2010) *An Invisible Crisis? A Gender Works Paper*. Brussels: Oxfam International/European Women's Lobby. Available at: <[www.oxfam.org.uk/resources/ukpoverty/resources](http://www.oxfam.org.uk/resources/ukpoverty/resources)>, with the permission of Oxfam GB, Oxfam House, John Smith Drive, Cowley Oxford OX4 2JY UK, [www.oxfam.org.uk](http://www.oxfam.org.uk). Oxfam GB does not necessarily endorse any text or activities that accompany the materials, nor has it approved the adapted text.

2 The European Women's Lobby (EWL) is the largest umbrella organisation of women's associations in the European Union. The Secretariat is based in Brussels, but EWL has member organisations in all 27 Member States of the EU and 21 European-wide organisations in full membership. EWL aims to promote women's rights, and equality between women and men in the EU. The Lobby is active in relation to a range of issues at EU level, including gender equality policies and gender mainstreaming, economic and social justice for women, women in decision making, violence against women, and gender and immigration/asylum.

- **Changing employment patterns:** Increased precariousness of work and reductions in social protection – particularly for poorer groups of the population. The pressure of reduced income in households means that recession drives people, particularly women who are less able to find other work, to accept jobs below their education and qualification levels.
- **Discrimination against women in the workplace:** Some employers use the crisis as an alibi to exploit women, who are more often willing to work in precarious conditions, for less salary, and without social security. Some employers may be tempted to restrict policies and initiatives that assist women or even to adopt illegal practices (e.g., dismissing pregnant workers) in order to save money.
- **Maternity protection:** Mothers are very vulnerable to changes in the labour market. Many of them depend on social benefits provided by the state during their maternity leave, or on child benefits, which may be subject to cuts in a time of recession. In the UK, there has been pressure from business not to implement previously agreed improvements to maternity leave on the basis that this cannot be afforded at the current time.
- **Unpaid work and care economy:** Reductions in public expenditure are likely to result in the transfer of services such as care back onto women, preventing them from fully participating in all aspects of life. Similarly, the impact of expenditure cuts to support services in socioeconomically disadvantaged communities will result in a greater reliance on women, both within families and in the community.
- **Migrant and ethnic minority women:** The recession is causing a heightened sense of job insecurity for millions of migrant and ethnic minority women, and making migrants more vulnerable to abuse. Migrant women are increasingly providing the infrastructure that enables higher numbers of native-born women to enter paid employment. However, the unregulated, insecure, and privatised nature of many migrant women's work – as cleaners, housekeepers, hotel and tourism staff – leaves migrant women open to abuse and exploitation.
- **Violence against women:** Economic recession puts pressure on families and creates conditions associated with increased domestic/intimate relationship violence. Evidence from the current study reveals increasing numbers of victims of domestic violence (Bulgaria, Estonia, Ireland, the

Netherlands, Romania, Scotland and Slovakia); increases in trafficking in various countries (Germany, Hungary and the UK); and a rise in prostitution and attacks on prostitutes (Germany and the UK).

- **Social benefits:** In response to the crisis, most EU Member States have affirmed their commitment to support the most vulnerable people through their benefit systems. There is evidence, for example, of a temporary relaxing of eligibility criteria for unemployment benefits in some countries (e.g., France, Italy). But in other states (e.g., the UK, Sweden, the Netherlands and Ireland) 'activation policies' and welfare reforms have tightened eligibility criteria in order to compel claimants to take up employment – even though jobs are very hard to come by.
- **Access to essential services (health, education, childcare):** Particular concern surrounds women's access to sexual and reproductive health services during the recession. Sexual and reproductive health services are crucial in giving women control over their bodies, and therefore in efforts to achieve gender equality.  
The impacts of the recession on education are already visible, including: closure of schools (Bulgaria), rising pupil-teacher ratios (Estonia), and cuts to support services for children with special needs and those needing help with the English language (Ireland).  
The number of childcare centres has reduced (e.g., Bulgaria), opening hours have been cut (e.g., Estonia), and the cost of places has increased (e.g., Ireland). Other evidence suggests a reduction in support for books and materials (Estonia), and, in Hungary, subsidies on meals in kindergartens and schools have been cut by two-thirds.
- **Support for women's NGOs:** Women's NGOs have contributed to significant changes in legislation, policy, and public attitudes across Europe, and their campaigning role on behalf of women remains essential at a time of recession. However, the evidence from this research highlights the precarious circumstances of women's NGOs in Bulgaria, Hungary, Ireland, Latvia, Romania, Slovakia and the UK. Budgetary cutbacks as a result of the recession are clearly an important factor.

### Policy responses

#### *National government actions and recovery plans*

Over the past year, most Member States have launched stimulus packages and recovery plans to cope with the financial, economic and social problems created by the recession. The analysis in the report suggests that the actions

taken by Member States may have failed to address gender issues adequately, adding to existing differences in the poverty of women and men. For example, support for industrial sectors and companies appear to have prioritised saving the jobs of car and construction workers, most of whom are men. Given that women are over-represented in temporary and part-time work, it is likely that they will be significantly affected by changes to working time. And whilst some positive, short-term measures to support household purchasing power (e.g., tax reductions, adjustment in social security contributions and income support measures that target low-income households) have been introduced, these are insubstantial compared to the amounts spent on banks and businesses. Moreover, without more detail on the precise measures, it is not possible to discern the gender impact of these policies with any certainty.

All policy responses and recovery plans should recognise the importance of building the resilience of women experiencing poverty. Resilience means the ability to cope with day-to-day shocks, such as using up savings paying for day-to-day foodstuffs, or longer-term shocks, such as the loss of previously available childcare due to public spending cuts and the consequent need to run down social capital in finding substitutes. Policy and recovery plans need to focus on preventing the running down of assets, and focus on building resilience to coping with shocks.

#### *EU actions and recovery plans*

Alongside efforts to restore and maintain a stable financial system, the EU's efforts, with those of Member States, have focused primarily on infrastructure and employment initiatives. As yet, however, it has been less clear what the role of the EU's Social Protection and Social Inclusion process can and should be, and what initiatives are being developed. Expert studies are underway in all Member States of the social impact of the crisis, however, there are currently no plans to make this information publicly available. As a result, public debate about, and oversight of, the impact of the crisis on the most vulnerable is to some extent hampered. One consequence of this is that the impact on women remains relatively hidden.

### Key findings of research

- Policy responses to poverty in general, and to economic recession in particular, need to acknowledge that poverty is gendered. Poverty has a differential impact on women and men, based on their different roles and responsibilities, and on the responses of



governments. Both men and women lose jobs and earnings, but who loses what depends on the structure of the economy, and the extent to which policies are gender-blind or gender-sensitive.

- Existing macro-economic data is not sufficiently sensitive to reveal both existing poverty, and the effects of recession, on women's lives. For example, the data available on the first 'wave' of the recession tends to show a significant loss of jobs in the manufacturing and construction sectors (where more men work). But the impact on women's poverty is less visible, because women are less likely than men to register as unemployed. Women are also more likely to work in part-time and poorly-paid sectors of the economy, which are less well measured.
- The impact of the recession is significant and damaging for both men and women living in poverty. This report tracks the impact for women as a whole, and particularly for members of vulnerable groups, who face multiple disadvantages. The latter are likely to include the young and the elderly, migrants and ethnic minorities, the low-skilled, those with short term contracts, single mothers, women in rural areas, those aged over 45, and women with disabilities.
- Priorities for government action are often based on a norm which prioritises subsidies to, for example, car plants and the construction industry, which tend to employ men, over subsidies to sectors such as textiles or retail, which employ more women.
- Reductions in public expenditure will always have a major – and disproportionate – impact on women's livelihoods, as women are in the majority in the public sector workforce. For example, across the EU, whereas 80% of construction workers are male, 78% of health and social services workers, and over 60% of teachers in primary and secondary education, are female.
- The impact of the recession on women is likely to become more acute over time as the effects of labour market shifts are increasingly felt within households, and cuts in public expenditure affect public services and the many women who work in them and use them.

## Recommendations

### Main recommendations:

1. Governments and public bodies should undertake gender impact assessments of the recession and track subsequent changes over time – especially because women are likely to be disproportionately affected by any future cuts in public spending and services (both as workers and users).
2. Governments and public bodies should use these gender impact assessments to help them focus on building the resilience of poor women to further shocks.
3. Gender-specific indicators in the field of poverty eradication and the promotion of social inclusion should be further identified, adopted and monitored by the European Commission and the Member States, in line with the Portuguese EU Presidency Conclusions on 'Women and Poverty' (Council of the European Union 2007).
4. Monitoring of the gendered impact of the crisis on poor communities should be increased. For example, little or no research has been conducted as yet on the impact of the recession at community/household level (e.g., on informal caring patterns, on family life and domestic violence, on financial assets such as savings or pensions, housing arrears or repossessions, or on the costs and availability of childcare).
5. The current indicators to determine income related poverty should be revised to better reflect gender differences. Poverty figures are based on accumulated household income and assume that income is distributed evenly within households, with the consequence that income-related poverty among women is likely to be underestimated.
6. Gender-disaggregated data should be developed and impact assessments undertaken to explore the changing nature of employment conditions and the effect of this on women's vulnerability to poverty and social exclusion. The following should be monitored: changes of contracts from long to short/fixed term; changes of flexible working hours to part-time work, subcontracts, second jobs and any other forms that undermine standard labour protection laws; and changes affected on return from statutory leave, especially maternity leave, according to different sectors of the economy (including in small and medium enterprises).
7. Gender impact assessment should be undertaken on the impact of changing working contracts and conditions on access to social protection (e.g., unemployment benefits, maternity pay, sickness benefits, disability benefits and pensions).
8. Gender budgeting should be adopted as a standard approach to assess spending on men and women within economic recovery plans and other public budget processes. Alternative accounting measures should also be developed to ensure that women's unpaid activities in the reproductive economy are recognised in systems of national accounts.
9. Women's participation should be ensured in decision-making processes affecting the design, implementation and monitoring of stimulus packages and other measures to aid recovery. Women's groups need to be supported to develop greater participation in economic discussions at both national and international levels.

### Specific recommendations:

1. **Discrimination against women:** The relevant national authorities (statistics agencies, equality bodies, government departments) should compile data on the number of women who have filed complaints on the basis of sex discrimination in the workplace since the recession in 2008, and undertake analysis of the causes on an ongoing basis.
2. **Migrant and ethnic minority women:** Immigration and integration policies should seek to break down structural obstacles to migrant women's full labour market participation so that they are not restricted to part-time and insecure work with few, if any, employment rights.
3. **Violence against women:** Ongoing and systematic monitoring should be established to measure progress in relation to violence against women. In particular, issues of violence against particularly vulnerable groups of women should be addressed.
4. **Social benefits:** Gender-sensitive universal social protection standards (including access to good quality education and healthcare, and income security) should be established in all Member States to address the needs of women, men and children facing poverty and social exclusion.
5. **Access to services:** The gender impact of expenditure cuts on access to high standards of healthcare and education should be assessed. Member State commitments to the Barcelona targets on childcare, fixed until 2010, should be renewed. New childcare targets should be developed which recognise not only numbers and costs, but also the quality of care. ■

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# Ensuring Social Inclusion of Young People by Tackling Multi-faceted Vulnerabilities in Employment and Other Areas

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The specific vulnerabilities to social exclusion experienced by young people are complex and originate from a wide range of factors. Distinguishing the causes of social exclusion from the effects is a difficult task. This report sheds light on the intersection between lack of access to employment, or employment in precarious conditions and the discrimination experienced by young people in other areas of life. These two components are at the core of the European Youth Forum's (YFJ's) work on social affairs and equality, in which crosscutting perspectives have been developed through policy development and research, advocacy, and the lobbying of institutional stakeholders.

## Introduction

Poverty and social exclusion are two intertwined phenomena that often manifest together. Exclusion and precariousness in the field of employment not only lead to lack of financial means, but also to multiple forms of exclusion in other areas of life. In this sense, social exclusion experienced by young people encompasses a wide range of disadvantageous situations and violations of fundamental rights such as ill health; poor access to healthcare services; lack of affordable and decent housing, education, goods and services; a sense of alienation from society; lack of opportunities to participate in public life; and stigmatisation.

The cycle of poverty is indeed a vicious one, both from inter-generational and inter-sectorial perspectives; young people experiencing poverty are not likely to exit poverty in adulthood (inter-generational) and are likely to simultaneously experience violations of fundamental rights in many areas of life (inter-sectorial).

Although some specific groups of young people are likely to be more vulnerable to poverty and social exclusion, a general vulnerability linked to age should be acknowledged and effective measures taken. Children represent a

vulnerable group, but young adults are also particularly exposed. According to statistics, 20% of young people (aged 16–24) are currently living at risk of poverty in the European Union. Phenomena not directly relating to income poverty – such as early school leaving, discrimination and harassment at school, and lack of youth friendly healthcare services – have had a definite impact on the social exclusion of young people. For example, early school leavers are more likely to experience violence, discrimination and ill health (YFJ 2008; Eurostat 2010). Discrimination experienced by lesbian, gay, bisexual, transgender and intersex young people at school has an extremely negative impact on their health and fundamental right to education (Takacs 2006). Discrimination against young migrants and the challenges they face in the fields of education and employment are also alarming. Indeed, young migrants' educational performance is lower than that of their native peers (OECD-PISA 2006) and the employment rate of migrants averages 3.3% lower than the general population (Eurostat 2010).

Although legal protection against discrimination exists to some extent, gaps in European and national laws pose a major challenge to breaking the vicious cycle of poverty and social exclusion. Although young Europeans are protected against discrimination in the field of employment (Council of the European Union 2000), they can be discriminated against in the field of education. They can also be discriminated against on the grounds of age, sexual orientation, religion or belief, and disability in any field but employment and occupation (YFJ 2009). This is at odds with other European policies, including the Education and Training Work Programme 2010 (European Commission 2010), which included the 85% benchmark to be attained in the field of secondary education before 2010. This benchmark was not achieved and secondary education attainment is currently at only 78.5% (Eurostat UOE and LFS 2009). While Article 19 of the Lisbon Treaty is a key provision for combating discrimination, it covers only six grounds of discrimination. Article 21 of the Charter of Fundamental Rights of the EU is much broader covering discrimination based on birth, property and political opinions; it prohibits:

*Any discrimination based on any ground such as sex, race, colour, ethnic or social*

*origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation.*

Similarly, the Council of Europe's Revised European Social Charter (ESC) foresees a more inclusive list of protected grounds, such as social origin, birth and national extraction. Article E of the Revised Social Charter reads:

*The enjoyment of the rights set forth in this Charter shall be secured without discrimination on any ground such as race, colour, sex, language, religion, political or other opinion, national extraction or social origin, health, association with a national minority, birth or other status.* (Council of the European Union 1997)

The rights set forth in the ESC should also be ensured for third-country nationals legally residing in one of the Council of Europe Member States.

## Youth poverty and the lifecycle

Due to the changes occurring within European societies, young people are becoming more and more at risk of poverty. While at the beginning of last century, young people were identified as the group least vulnerable to poverty (Rowntree 1901), in 2007, 20% of young Europeans aged 16 to 24 were at risk of poverty, compared to 17% of the general population (Eurostat 2010, p 48). Youth are no longer at such an economically untroubled stage of the lifecycle as they once were. Research on youth poverty very precisely captures the core of the changed reality:

*With increasing levels of participation in higher education, young people are spending longer dependent on the state or their families for financial support, and without earned incomes of their own. Additionally, changes to youth labour markets over recent decades mean that when young people do enter the labour market, they may spend considerable periods without a job, or in low-waged or insecure employment.* (Aassve et al. 2005, p 1)

This situation is confirmed by figures relating to average income; in 2007, close to 10% of young

<sup>1</sup> The European Youth Forum (YFJ) is an independent, democratic, youth-led platform, representing 98 National Youth Councils and International Youth Organisations across Europe. The YFJ works to empower young people to participate actively in society to improve their own lives, by representing them and advocating for their needs and interests and those of their organisations towards the European Institutions, the Council of Europe and the United Nations.

European households (the oldest member of which is aged under 30) were unable to afford a meal with meat or fish every second day or to buy a computer, with one in six also being unable to afford a car. In addition, one-third could not afford one week's holiday away from home per year (European Commission 2009b, p 45).

It is important to note that at risk of poverty rates tend to be higher in countries where young people actually can afford to start an independent adult life; while those who still live in their parents' households and share their income, are less likely to be recorded as poor. When asked why they live longer with their parents, 44% of young respondents indicated that they cannot afford to move out, and 28% mentioned lack of affordable housing (European Commission 2009b, p 30).

### **Vulnerability and exclusion in the labour market**

Nowadays, employment is often perceived as the answer to poverty; however, figures relating to 'in work poverty' portray a different reality and shed light on the importance of decent working conditions as well as access to the labour market to prevent poverty.

Inclusion in the labour market is key to ensuring social inclusion. Indeed, working is not only a way of securing adequate financial means, it also allows us to keep in touch with society. Working is a meaningful way to fulfil one's ambitions, realise personal development, learn new skills and qualifications, and keep up to date.

Paradoxically, the current young generation, while being the best-educated generation ever, familiar with new technologies, and more mobile and open to new opportunities, faces a higher degree of vulnerability in the labour market. Every sixth young European (15–24) is unemployed, 40% of those working are on temporary contracts and the level of in work poverty among young people is 10% (European Commission 2009b).

*The young are the segment of European population that works most in low-quality jobs which require low qualifications and are poorly paid. Many young people are denied access to the rights of social citizenship which the European social model has up to now guaranteed its workers. These factors help to delay access to an adult life based on economic independence from families of origin and on the possibility of making responsible choices connected to creating a family and parenthood.* (European Commission 2008c)

### **Discrimination and exclusion in other areas of life**

As previously mentioned, the exclusion of young people from the labour market and income poverty are linked with vulnerabilities experienced in other areas of life. In particular, although achievements in the field of education could potentially lead to inclusion in the labour market, for many young people this relation is not a causal one as they can find themselves unemployed or at risk of poverty even though they have successfully completed tertiary education.<sup>2</sup>

Many factors, including socioeconomic ones, hamper young people from completing their education, putting them at risk of exclusion, particularly considering the positive role played by education in inclusion in the labour market and in the fight against income poverty. Worryingly enough, the percentage of early school leavers in the EU27 in 2008 was 14.9%<sup>3</sup> (Eurostat 2010).

Research has shown that students coming from socioeconomically disadvantaged backgrounds are more likely to leave school earlier than their peers (Simon 2003). Socioeconomic disadvantages include low income household, parents with a low level of education, numerous families or single parent families. These factors might also be combined with discrimination on other grounds such as ethnic origin, religion or migrant status.

It is striking to observe the vicious cycle of disadvantaged socioeconomic background, migrant status, difficulties in the field of education and vulnerabilities in the labour market experienced by migrant youth and by young people from a migrant background. Young migrants are more likely to leave school earlier than their native peers (European Commission 2008b), perform poorly at school and experience extremely high levels of unemployment (OECD-PISA 2006). In Belgium, the unemployment rate among young second-generation migrants is four times the unemployment rate among native Belgians. Moreover, the length of unemployment is 30%

<sup>2</sup> Obtaining good qualifications is, however, helpful for job seekers, as unemployment rates tend to decrease the higher the level of education attained. This was a characteristic noted in almost every Member State in 2009, as the average unemployment rate in the EU27 for those having attained at most a lower secondary education was 12.8%, much higher than the rate of unemployment (4.5%) for those who had a tertiary education (see Eurostat < [http://eurostat.ec.europa.eu/statistics\\_explained/index.php/Unemployment\\_statistics](http://eurostat.ec.europa.eu/statistics_explained/index.php/Unemployment_statistics) >).

<sup>3</sup> Indicators defined as the percentage of the population aged 18 to 24 with at most lower secondary education and who are not in further education or training.

longer among young Belgians with a migrant background than native Belgians (Timmerman et al. 2003). It is interesting to note that both in France and Belgium, although some inter-generational mobility takes place in the field of education, the positive patterns are not reflected in the field of employment. Multiple discrimination on the grounds of ethnic origin, migrant status, age and religion could be reasons behind this, as surveys show a high prevalence of discrimination against migrants in employment and education (European Union Agency for Fundamental Rights 2009).

Structural flaws in education systems certainly lead to exclusion and vulnerability among young people. For instance, schools that fail to embrace the positive aspects of diversity by not providing teachers with appropriate training on equality and non-discrimination, and that refuse to develop curricula to include human rights education to avoid the reproduction of stereotypes, play a role in reinforcing the cycle of social exclusion. Research shows that schools that give value to multiple identities and, more specifically, that positively impact on the acculturation of young migrants and young people with migrant backgrounds, are key to ensuring better achievement by these students (Nekby et al. 2009).

Living at risk of poverty, lack of financial means, social exclusion and discrimination also have negative consequences on the fundamental rights of young people to the attainment of the highest standard of health. Although this relation is a complex one, young people from more affluent families are more likely to report better health outcomes than their peers from less affluent backgrounds. In particular, obesity and being overweight are clearly associated with low family affluence (WHO 2006, Section 2: Health Outcomes).

Mental ill health experienced by young people is often associated with racism, sexism and discrimination. Research undertaken in England found that more than 40% of respondents identified discrimination, racism and sexism as issues for which they would need counselling (Youth Access 2000). Bullying at school, a form of discrimination according to European standards, often leads to anxiety, depression and suicidal ideation (McNamee 2006; Baldry 2004; Ybarra 2004; Smokowski and Kopasz 2005; Kim et al. 2005). Although it is difficult to assess the incidences of bullying, some studies show that it is a widespread phenomenon, occurring in different countries and across different socioeconomic strata. According to a cross-national study carried out in 2001 on 10 to 14 year-old pupils, 12.2% of respon-

dents in England, 13.9% in the Netherlands and 10% in Norway reported having been bullied more than just once or twice in the previous six months. In some countries, a positive association has been identified between victimisation and low family affluence, especially for young females (WHO 2006, p 159).

Sexual and reproductive health and rights is another area where young people are particularly vulnerable and where discrimination on different grounds could expose them to serious risks of ill health. According to statistics, young people tend to have poorer access to reliable information on sexually transmitted diseases than adults (Panchaud et al. 2000).

Lack of, or poor, sexual education at school, unavailable or inaccessible youth-friendly family-planning services and family background significantly contributes to this scenario. For example, research in the Netherlands, involving the largest ethnic minorities (Turkish, Moroccan and Surinamese) showed that partnership choices and sexuality for these groups significantly differ from their peers of Dutch origin. Indeed, family is often heavily involved in marriage choices, with forced and arranged marriages taking place. The high level of stress generated by these interferences can have severe consequences: suicide attempts are widely reported among girls of Turkish and Surinamese origin. Young men of Surinamese and Turkish origin are more likely to commit suicide than their peers of Dutch origin (IPPF 2005). The results of an Internet survey undertaken in 2005 showed that young people from ethnic minorities in the Netherlands appeared to know less about sexual risks and contraception than young people of Dutch origin (IPPF 2005).

### Conclusion and recommendations

Young people in Europe have multi-faceted vulnerabilities in different areas of life, which expose them to the risk of poverty and social exclusion. Some vulnerabilities are linked to the specificities experienced by certain groups of young people, in particular relating to socio-economic and family background, migrant background, sexual orientation, ethnic origin, religion and disability. Others are intrinsically linked to the peculiar transitional phase of life young people are going through: transition from childhood to adulthood, from education to the labour market, from living with their family to running a household on their own.

Tackling poverty and social exclusion stemming from these factors requires a strong political commitment on different levels (local, national and European), as well as the effective coordination of policies in the areas of equality, non-

discrimination, employment, social inclusion, migration and youth. Some of the major issues to be tackled by these policies include:

- 1. Ensuring better access to education:** Education should be made more accessible and affordable to ensure the full autonomy of young people; this can be done by making scholarships and other types of financial support available as students develop, especially for secondary and tertiary education. This way, children can progressively gain independence from parental means. Financial support should cover additional costs such as the cost of educational materials, costs related to practical engagements as part of a curriculum, and travel expenses for people from rural areas, as well as the provision of accessible housing. Financial incentives for staying in education could also be provided to young people, or their families, in the case of minors.
- 2. Developing inclusive educational systems:** School curricula should be revised to include human rights education and to combat stereotypes and prejudices. Training on equality, diversity and non-discrimination should be provided to teachers. Democratic school management should be promoted in cooperation with students' unions. Effective policies combating discrimination and bullying at school should be put in place, including counselling services for victims.
- 3. Providing protection against discrimination in all areas of life:** Despite Directive 2000/78/EC establishing a general framework for equal treatment in employment and occupation (Council of the European Union 2000), discrimination based on age still manifests itself. Young people should have equal access to social protection systems, and minimum wage and benefits should not be dependent on age.<sup>4</sup> Towards this, key provisions in the Revised European Social Charter relate to the right to social security and decent working conditions including fair remuneration; these should be fully implemented.<sup>5</sup>

Discrimination on the basis of age, and the intersection between age and other forms of discrimination, have extremely negative

<sup>4</sup> Recent ECJ case-law on discrimination on the ground of young age in the field of employment and occupation include: case C-229/08 *Colin Wolf v. Stadt Frankfurt Am Main*, case C-88/08 *David Hütter v. Technische Universität Graz*, case C-555/07 *Seda Küçükdeveci v. Swedex GmbH & Co. KG*.

<sup>5</sup> Article 1 – the right to work; Article 2 – the right to just conditions of work; Article 4 – the right to fair remuneration; Article 12 – the right to social security; Article 13 – the right to social and medical assistance; Article 14 – the right to benefit from social welfare services

consequences on the lives of young people. Protection against all forms of discrimination, including multiple discrimination, should be provided at both the European and national levels in all areas of life including education, social security, social advantages, health, and access to good and services. Accordingly, the proposal for a new EU anti-discrimination Directive should be adopted by the Council of the European Union without delay (European Commission 2008a, European Parliament 2009).

- 4. Ensuring decent jobs and internships:** Young people are by far the most flexible group on the labour market, but the security balance next to it is clearly lagging behind. This dangerous trend of precariousness must be reversed by adapting and modernising social security system to ensure that young people have a stable and autonomous life, even when they are on short-term contracts. There is also a need for specialised youth-targeted income support for situations when the labour market fails and young people, due to their little or nonexistent labour market experience, are not entitled to the standard support.

Internships and apprenticeships have become a reality for many young people, through which they complement their formal education and make the transition from education to work. In many cases, young people enter precarious and underpaid work that provides them with no or little learning. It is vital that the learning dimension of internships is ensured and that internships do not replace paid work. To guarantee this, the European Youth Forum is campaigning for EU wide quality standards for internships, such as length, nature of tasks, remuneration and social guarantees.

- 5. Providing ad hoc labour market support measures:** Measures should be put in place that specifically target young people and help to speed up the school-to-work transitional, make it quality driven and ensure that it leads to longer lasting work placements. No one can afford to waste the potential of graduates by keeping them away from the labour market. Special measures, early intervention and back-to-work policies have to be in place to address the current unprecedented high levels of youth unemployment and to prevent further regression in this area. The introduction of such measures has to be coupled with relevant incentives for both private and public employers, and career guidance and training opportunities for young people. The European Social Fund should be used to support such initiatives. ■

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# Migration and Integration at the EU Level: A Rights-based Perspective

Pablo Sanchez  
December 18

European Union policy on the integration of migrants was first formulated in 2002 when the European Economic and Social Committee (EESC) released an own initiative opinion on Immigration, Integration and the Role of Civil Society (European Economic and Social Committee 2002). This kick-started a process that is still going on today, but which, from a human rights perspective, is rather uneven. An effective and coherent labour migration policy also depends on the successful integration of migrant workers and members of their families into the host society. However, the European Union does not have specific competence in this field. It is up to the Member States and the relevant regional and local entities to implement EU 'guidelines' in this area. This, together with the lack of a comprehensive universal legal framework, like the UN Migrant Workers Convention, leaves the EU patchy terrain for migrant integration, characterised by good intentions, but lacking a consistent approach. It is also important to note that the situation faced by migrants in the EU Member States is barely scrutinised by civil society actors and government agencies in the migrants' countries of origin.

## Recent developments

In 2005, the European Commission set the stage for the development of new initiatives in the field of integration. It published a Communication on a Common Agenda for Integration – Framework for the Integration of Third-Country Nationals in the European Union (European Commission 2005), which provided the basis for the priority areas identified in the November 2008 Council Conclusions: promoting European values, working on the public perception of migrants and legal immigration, and identifying indicators to evaluate the results of integration policies. Part of this Framework is the European Commission's policy plan on Legal Migration, which is intended to create a "coherent approach to legal migration". It initially looked like the European Commission was going to present a "horizontal framework for admission and a minimum set of rights", but in the end the European Commission, backed by the European Parliament and the Council, preferred a fragmented approach favouring highly skilled migrants, short-term

stays and curtailing rights. This approach has been seen as promoting 'circular migration' and raises questions about the will of the European Union to integrate migrants within its society as it encourages short-term stays of a particular group of migrants. This approach is in blatant contrast to the EU's otherwise 'soft' approach towards integration. A series of interventions and initiatives followed this Framework, such as the European Integration Forum, the European website on Integration and the Handbook on Integration, of which the third edition was published by the European Commission in April 2010.

In 2010, the Council also adopted the Framework Decision on Racism and Xenophobia (Council of the European Union 2010), and discussions continued on the proposed Framework Directive, which prohibits discrimination outside employment (Council of the European Union 2007b). In March 2010, the European Council agreed that the better integration of migrants would help it to achieve the Europe 2020 target of 75% employment for 20 to 64 year olds (Council of the European Union 2010).

Little else has been done since then at the European level that can be considered meaningful. It has mostly been left to local and national authorities to deal with the problem. From 2007 to 2010, the European Commission put in place the skeleton of its migration policy with the Return Directive, Blue Card, Common Procedure and other legislative pieces with the idea of creating a framework for legal labour migration. This policy applies soft law to integration matters and hard law to matters relating to borders (e.g., border security). Considering the growing volume of European legislation in the field of security (e.g., the establishment of FRONTEX<sup>1</sup>), the EU is not sending an integration-friendly message to its citizens, nor is it creating a positive environment for the integration of migrants into host communities. Civil society actors will have to monitor the implementation of the Stockholm Programme<sup>2</sup> in light of

1 FRONTEX is the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union. FRONTEX was established by Council Regulation (EC) 2007/2004 and commenced operations in 2005. The EU is currently debating a new and more powerful mandate for this agency.

2 The Stockholm Programme is a five-year plan with guidelines for justice and home affairs of the Member States of the European Union for the years 2010 through 2015.

the developments in the field of integration and compare both approaches in terms of this contrast between soft and hard law.

In terms of "fostering a more coherent approach to integration", the implementation of integration policies is left to the national level, with the Commission doing the assessment (European Commission 2005, final point 3). Key EU institutions that play an important role in this field are the Vienna-based Fundamental Rights Agency (FRA)<sup>3</sup> and the European Foundation for the Improvement of Living and Working Conditions (Eurofound), which is based in Dublin (European Commission, Directorate General Justice, Freedom and Security 2010).

At the 2010 Ministerial Conference on Integration of the Spanish Presidency in 2010, the European Commission admitted that despite its efforts migrants continue to face all sorts of problems: worse results in education and lack of training and skills, among other things (Spanish Presidency 2010). Despite this, the European Council has continued to focus on the 2020 Strategy and the "development of core indicators in a limited number of relevant policy areas (e.g., employment, education and social inclusion) for monitoring the results of integration policies in order to increase the comparability of national experiences and reinforce the European learning process" (Council of the European Union 2010). The approach taken by the EU can be summed up as encouraging the application of best practices of EU Member States and 'soft' law. A more engaging approach needs to be adopted by the EU to close the gap between good intentions and reality.

With the economic crisis, local authorities in most Member States have been forced to cut social services, including services that are linked to integration programmes. The European social model has been put under stress. Although poverty and social exclusion existed before the crisis, there has clearly been an increase over the past couple of years, and this has impacted on migrant communities. Out of the 79 to 84 million Europeans living below the poverty line, many are migrants or from a migrant background (sometimes with an EU national identity card); to these figures we should add the several million undocumented migrants.

3 The FRA is built on the former European Monitoring Centre on Racism and Xenophobia (EUMC).

These developments are starting to have an effect on how migrants are perceived by 'host' societies. Migrants are increasingly becoming scapegoats for various problems: they are portrayed as stealing jobs and profiting from social services without contributing to them. The lack of a strong EU-wide structural policy on integration, as well as the growing number of what is referred to as 'securitarian' measures are contribute to this anti-immigrant climate. It remains to be seen if national, regional and local authorities will continue to provide the necessary funds and set up or encourage initiatives that will contribute to an effective integration policy, or if integration will be limited to the lofty principles promoted by the European Commission.

### Defining integration and exclusion

It is useful here to look at social exclusion and how it can block the integration of migrants. Social exclusion is a multidimensional process of gradual social rupture, and the detachment of groups and individuals from social relations and institutions, preventing them from fully participating in the normal, normatively prescribed activities of the society in which they live (Sen 2000). In this sense, migrants are particularly vulnerable as they are not an integral part of the host society and their access to rights is usually limited, especially in relation to the democratic political process. This can result in a situation where the multiple deprivation of rights prevents individual migrants or groups from participating fully in the economic, social and political life of the society in which they live.

It is in relation to the multidimensional process of social isolation (when social integration is not achieved) that the migration angle becomes very important in the definition of migrant communities as vulnerable, as they live to a large extent outside the social and political processes of the host society. Migrants are, by definition, aliens in their host society and do not have all the opportunities to access and enjoy the rights granted to citizens. If we add to that the persistent lack of several basic rights for migrants in some European societies (political participation, equal treatment of migrants with irregular status), we find a group that is on the frontline of the isolation process.

European projects on integration can and have been questioned. Let's take, for example, those training projects that involve employers' and employees' organisations. A plethora of such projects are available in many European Member States. However, all too often, migrant workers are excluded from company in-house training and skills' development schemes

(Collett and Sitek 2008). Integration projects need to be built on the reality facing migrants, and not just on the objectives set forth in the calls for proposals from the EU. More importantly, such projects need a European framework, and not just encouragement from EU institutions.

The wages of migrants are typically lower than those of native workers. For example, despite its longstanding history of immigration flows, econometric models of assimilation suggest that in the United Kingdom it takes a typical male migrant some 20 years to eradicate the wage penalty compared to their native counterparts. Interestingly, for women, assimilation is faster with wage differences disappearing after some 4 to 6 years. There are also important differences in assimilation between different nationalities and also different entry cohorts.<sup>4</sup> More recent cohorts of migrants appear to be faring better in terms of their wages (Dickens and McKnight 2008).

To eradicate this differential it is important that 'Decent Work', as a productive and meaningful way of providing adequate income to migrants, is accepted as a principle for migrants and native workers alike. EU institutions need to ensure that workers' rights are recognised and effectively protected by law, as described by the ILO in its Decent Work campaign.<sup>5</sup>

### Integration as a social process

Integration is a two-way process that involves both hosting societies and migrant communities. This is an approach shared by the EU, but its current policies leave the responsibility solely to local level actors at the ground level, which shows a lack of understanding, or will, on the part of EU authorities to successfully integrate migrants into the societies they live in. A society is by definition an ensemble of institutions, authorities and powers, but the EU seems to rely solely on effectiveness at the ground level. If those that implement policies have other priorities, then integration disappears from the local political agenda.

Equal rights are the starting point for all debates on integration, in particular the right to free education, proper housing and a decent job. The European Union does not have a universal piece of legislation to ensure that basic rights are provided in an equal manner to migrants regardless of their legal status.

An EU whose Member States had ratified the UN Migrant Workers Convention would be held

<sup>4</sup> Groups of subjects who share a particular experience during a particular time span.

<sup>5</sup> For the ILO definition of Decent Work, see: <[www.ilo.org/global/About\\_the\\_ILO/Mainpillars/WhatIsDecentWork/lang--en/index.htm](http://www.ilo.org/global/About_the_ILO/Mainpillars/WhatIsDecentWork/lang--en/index.htm)>.

accountable by the international community. The EU must stop paying lip service to human rights principles and ensure that internationally recognised rights are respected in practice.

Let us take the example of the European Integration Fund, established by the European Commission and in operation since 2008. This Fund, although a good initiative, promotes policies for migrants in a range of sectors (access to public services, education, professional training and so on); but the beneficiaries are migrants who have been living in the EU for a specific length of time, creating inequality among migrants based on the time they have been in the host country. This is in line with the current focus on circular migration programmes, which in the minds of the policymakers probably means that there is no need for integration programmes as these migrants are only staying for a limited time.

The latest report on the situation of fundamental rights in the European Union (2004–2008) states that the Member States continue to refuse EU scrutiny of their own human rights policies and practices, and endeavour to keep protection of those rights on a purely national basis, thereby undermining the active role played by the European Union in the world as a defender of human rights and damaging the credibility of the EU's external policy in the area of the protection of fundamental rights (European Parliament 2008). This clear lack of willingness by the Member States to be held accountable for their integration policies demonstrates the weakness of the initiatives at the EU level.

Migrants' organisations and other civil society actors play an important role in the integration processes. However, for this to be truly a two-way process that is respectful of the fundamental human rights of all, migrants need to be active participants in the democratic and political processes of the societies they live in and contribute to. Furthermore, the host society needs to take up an active role in the integration processes. The will of the European Commission seems to clash with the reality at the local level, where migrants have little access to the democratic process and the creation of their own media, and to social networks that exist outside their migrant communities.

A good example of this is voting rights for foreigners. The first European country to recognise the right of migrants to stand as candidates in local elections was Sweden in 1975, followed by Denmark in 1981 and the Netherlands in 1985. In Sweden, non-EU residents have the right to vote in regional and municipal elections after three years of

residency. Whilst the Nordic countries were the ones that spearheaded this process, today 13 EU Member States acknowledge the right to vote and to stand for elections<sup>6</sup> and 4 Member States recognise the right to vote.<sup>7</sup> However, 10 countries still do not provide any voting rights to third-country nationals or the right to stand for election.<sup>8</sup>

Because this is a barrier to the integration of migrants in the democratic policy-making process, the EU did make mild attempts to create a residence citizenship. Unfortunately, this proposal did not reach port (GUE/NGL 2008, p 15). Asking migrants to adopt 'European values', while denying them access to local elections is not an effective way to avoid the political exclusion of migrants legally residing in European societies, let alone those with an irregular status.

To be socially excluded is to be deprived of social recognition. In political life, social recognition is obtained by full citizenship; in the economic sphere, it means earning enough to be able to participate fully in the life of the community. In both spheres, the current policies leave much scope for improvement and there is a long way to go before the Common Basic Principles on Integration are really put into practice (Niessen and Kate 2007).

The European Commission has often expressed the view that there is a close connection between a common migration policy and a common integration strategy. However, the current focus on a utilitarian approach – Blue Card Directive and circular migration initiatives – combined with the securitization of external borders clearly indicates that respect for human rights, decent work and social integration are not always taken into consideration.

### Integration and exclusion: Lack of a framework

The lack of a human rights-based framework within which the integration of migrants can take place is contributing to the growing loss of trust of migrant communities in the willingness of host societies to truly build a society based on equality, human rights and respect for the rule of law. The recent Italian law that criminalises undocumented migrants by making being undocumented an aggravating factor in a criminal sentence is a good example of how double standards are being applied to migrant

communities. This is clearly in contradiction to international human rights standards, such as Article 18 of the UN Migrant Workers Convention.<sup>9</sup>

The relationship between civic integration and proportionality is of special concern, given the intrinsically subjective nature of civic integration examinations, their mandatory nature and the sanctions applied in the event of an applicant's non-compliance (Carrera and Wiesbrock 2009, p 41).

### Is short-term integration possible?

Short-term integration as an option has a dangerous pitfall: if migrants are an asset to European societies and have a 'value of use', what happens if the host society does not win economically?

The Council Directive 109/2003, dealing with the integration of third-country nationals who are long-term residents, establishes certain rules on the status of this category of migrants. The latest EU legislation on entry access makes a clear distinction between those entering with a Blue Card and who are highly skilled, and those entering through other mechanisms.

The problem applies to those who enter the EU without a Blue Card. How can the European Union talk about fighting discrimination, while its own entry procedures make a distinction between migrants with a clear added value and those without? This paves the way for a totally utilitarian approach, based on EU self-interest, where human rights are an annex added only to prove that the legislators have these old-fashion ideal in mind. Accordingly, it is crucial that civil society organisations continue to monitor the development and implementation of legislative packages in the field of labour migration<sup>10</sup> to promote a rights-based approach.

The abovementioned Council Directive must be applied in accordance with the principle of non-discrimination pursuant to Article 13 of the EC Treaty and Article 21 of the Charter of Fundamental Rights of the European Union. However, in the field of social assistance and social protection, Member States may limit equal treatment to core benefits. In that sense, there should be no different treatment

<sup>9</sup> This UN Convention clearly states that: "Migrant workers and members of their families shall have the right to equality with nationals of the State concerned before the courts and tribunals. In the determination of any criminal charge against them or of their rights and obligations in a suit of law, they shall be entitled to a fair and public hearing by a competent, independent and impartial tribunal established by law".

<sup>10</sup> These legislative measures will be finished in the coming months with the latest two Directives (on seasonal workers and inter-corporate transferees).

between third-country nationals residing legally or irregularly in the EU Member States.

An EU Directive transposing the main lines of the UN Migrant Workers Convention could be a solution, as well as ratification of the Convention. Ratification would not only be a big symbolic step forward, it would also send a signal that the European Union truly supports the integration of all migrants, regardless of their status.

### Conclusion and recommendations

When it comes to the integration of migrants, the EU's policy is still in its early days. However, what is becoming clear is that the European Commission and the European Parliament should give these legislative initiatives more teeth and ensure that the rights-based integration of migrants is a priority.

1. The EU should develop and implement a Framework Directive linking EU policy with the policies and practices of local actors.
2. There should be an EU Directive transposing the UN Convention on Migrant Workers Rights.
3. The European integration fund should be linked to an evaluation process monitored by civil society. ■

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# Roma People in Europe: A Long History of Discrimination

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Racial discrimination, xenophobia and intolerance have proved particularly difficult to eliminate in Europe. The Roma, one of Europe's oldest minorities, have endured a long history of discrimination and disadvantage throughout Europe, which has only recently begun to be acknowledged and addressed. The Roma form one of the largest ethnic minority groups in Europe. Nearly 80% of the European Roma population (around 10 million people) live in EU Member and candidate Member States (Amnesty International 2010a).

## Discrimination and human rights violations keeping Roma in poverty

In 21<sup>st</sup> Century Europe, despite all the groundbreaking laws and mechanisms in place to ensure that human rights are respected, millions of Roma are still discriminated against. Racial discrimination occurs when individuals or groups are treated differently to others on account of their ethnic origin, without objective justification. It can be direct (where a law or policy singles out a particular group for differential treatment) or indirect (where an apparently neutral law or practice has the effect of disadvantaging a particular group). Both forms of discrimination are prohibited under international human rights law; nevertheless, racial discrimination is the thread running through most of the human rights violations suffered by Roma people (Amnesty International 2010e). Amnesty International has documented how, in both the East and Western Europe, the Roma continue to face obstacles in accessing basic goods and services and securing equal rights to housing, healthcare, education and work. Millions of Roma still live in informal settlements with no or inadequate sanitation, startlingly high levels of unemployment and limited access to healthcare services. Throughout Europe, the Roma are poorly represented in political and administrative structures and face considerable difficulties in integrating into mainstream society while preserving their distinct cultural identities.

In many European countries, there is a lack of reliable and up to date data measuring the social inclusion of Roma. This is often due to the reluctance of states to collect ethnically disaggregated data. This lack of data makes it difficult for states to develop programmes tailored to the real needs of disadvantaged

Roma and to measure the success of such programmes. The data that does exist paints a disturbing picture of the marginalisation of Europe's Roma. A World Bank report published in 2005 concluded that the life expectancy of Roma in Central and Eastern Europe was on average 10 years lower than the rest of the population (Ringold et al. 2005, cited in Amnesty International 2010e).

A United Nations Development Programme (UNDP) study of the situation of Roma in Hungary, Slovakia and the Czech Republic published in 2003 found that infant mortality rates among the Roma population were twice that of non-Roma. The marginalisation of Roma is reflected in statistics on their housing situation. The UNDP report on the situation of Roma children across south-eastern Europe estimated that 25% of Roma lived in shacks, compared to 3% of non-Roma, and that 55% of Roma homes were not connected to a sewage system (UNDP Regional Bureau for Europe and the Commonwealth of Independent States 2003, cited in Amnesty International 2010e, p 5).

Across Europe, Roma struggle to find regular employment. A detailed survey of 402 working-aged Roma men and women in Bulgaria, Czech Republic, Hungary, Romania and Slovakia carried out in 2006 by the European Roma Rights Centre found that only 38% were in paid employment; almost two-thirds reported that they had been refused employment because they were Roma (Hyde 2006). A survey of 3,510 Roma in 7 EU countries carried out by the EU's Fundamental Rights Agency in 2008 revealed that 15% of respondents were illiterate and 31% had received less than 6 years of formal education (Fundamental Rights Agency 2009, cited in Amnesty International 2010e, p 6). The result, as the 2003 World Bank report concluded, is that the Roma are "poorer than other groups, more likely to fall into poverty, and more likely to remain poor" (Ringold et al. 2005, cited in Amnesty International 2010e, p 6).

## The right to adequate housing

The right to adequate housing is guaranteed under Article 11 of the International Covenant on Economic, Social and Cultural Rights, and in other international and regional human rights treaties. As the United Nations Committee on Economic, Social and Cultural Rights has emphasised:

*[T]he right to housing should not be interpreted in a narrow or restrictive sense*

*which equates it with, for example, the shelter provided by merely having a roof over one's head ... Rather it should be seen as the right to live somewhere in security, peace and dignity.* (United Nations Committee on Economic Social and Cultural Rights 1991)

Governments should ensure that everyone has a minimum degree of security of tenure that guarantees them legal protection against forced eviction, harassment and other threats. Governments should seek to ensure minimum standards for housing in relation to habitability (access to safe drinking water, sanitation and energy) and location (housing should be located in areas that are not close to pollution sources and that enable access to employment options and essential services). Housing should also be affordable and housing programmes should prioritise the most vulnerable. Unfortunately, across Europe, governments are regularly failing to fulfil these obligations. Many Roma living in informal settlements or slums lack even a minimum degree of security of tenure because of the irregular status of the settlement or their lack of official documents to confirm tenure arrangements, making them vulnerable to forced eviction. Forced eviction violates international human rights standards. Forced evictions are evictions that are carried out without appropriate safeguards (without adequate notice or prior consultation with those evicted), and without provision of legal remedies, adequate alternative housing or compensation. Victims of forced eviction can lose their possessions, social contacts, and jobs and have their schooling disrupted. They are also at risk of further human rights violations and often end up homeless. Amnesty International has documented forced evictions in Greece, Italy, Romania and Serbia (Amnesty International 2010a).

Minority Rights Group-Greece claims that in 1999 the number of Roma in Greece was between 300,000 and 350,000, comprising around 3% of the total Greek population (Minority Rights Group-Greece 1998). In the past decade, local authorities have forcibly evicted a large number of Romani families and are continuing to ignore obligations under international law. In June 2006, more than 100 Romani families living in Aghiou Polykarpou Street, near the centre of Athens, were forcibly evicted from the land where they had been living for 10 years. With no alternative accommodation offered

by the authorities, these families moved into an abandoned factory in Iera Odos. They were forcibly evicted from there by the police just a few days later. Again, the authorities made no attempt to provide them with adequate alternative accommodation. A few months later, they were forcibly evicted for the third time after they moved to land owned by a private company in Aegaleo, Athens. This time the eviction was ordered by the Magistrates Court of Athens. In January 2008, they relocated again to an unattended plot nearby. They were then ordered to move again. The families were forcibly evicted four times, yet not once were they consulted or offered alternative accommodation (Amnesty International 2010a, p 3).

In Italy, where between 12,000 and 15,000 Roma live (Amnesty International 2010b, p 4), forced evictions have become more frequent since 2007. Romani settlements in Italy fall into three categories: some are 'authorised' and maintained by local authorities; some are 'tolerated' and receive some support; some – the vast majority – are considered 'irregular'. Residents in irregular settlements live in hastily constructed shacks and have limited access to basic services such as water and sanitation. They are also the most vulnerable to forced eviction.

Forced evictions are often carried out at short notice and without consultation. The authorities do not inform residents about alternatives to eviction and do not offer adequate alternative accommodation. Many are evicted before they have the opportunity or the time to challenge their eviction. The majority are forced to find shelter in unauthorised areas from which they may be evicted again. In May 2008, a Presidential Decree declared a 'Nomad Emergency' and gave special powers to local authorities in several regions. In July 2009, the Italian authorities in the city of Rome issued a 'Nomad Plan' with the aim of closing and relocating Roma camps. This Plan – misleadingly titled because the vast majority of Italy's Romani population is not, and has never been, nomadic – is the first scheme based on these special powers and contains several discriminatory provisions. It paves the way for the forced eviction of thousands of Roma from the Italian capital. The Plan, developed without any genuine consultation with Roma and with scant regard for their rights, provides for the resettlement of Romani communities in new or expanded camps on the outskirts of the city. These camps will continue a pattern of Roma living in poor and segregated conditions and will disrupt the lives of the communities affected. Disturbingly, official estimates envisage that at least 1,200

people, most of them foreign nationals, will be left out of the resettlement process.

In Romania, there are almost 2.2 million Roma who make up about 10% of the total population. As a result of discrimination, both by public officials and society in general, 75% of them live in poverty (Amnesty International 2010c, p 2). Although some Roma people live in permanent structures with secure tenancy, many other long-standing Romani dwellings are considered by the Government to be 'temporary' and unofficial. The inhabitants of such dwellings do not have any proof of tenancy, which increases their vulnerability to eviction. The forced eviction in 2004 of more than 100 Roma from a building in the centre of Miercurea Ciuc (Csikszereda), the capital of Harghita County in central Romania, is typical of the way many Roma communities are treated and of the continuing failure of public authorities to guarantee their right to adequate housing. Twelve Romani families had been residing lawfully in a large town house since the 1970s. Over the years a number of other Roma families had joined them. In 2004, following a number of years of discussions with the municipal authorities over the dilapidated state of the building, the municipal authorities decided to evict all the Romani residents. The families legally residing in the building were re-housed in eight metal cabins next to a sewage treatment plant on the outskirts of town. The remaining families were offered no alternative accommodation at all and most resorted to constructing their own shacks alongside the metal cabins. They were not consulted before the decision and no other alternatives to the eviction, or to the location of the new settlement, were offered. In August 2010, most of these Roma families were still living next to the sewage treatment plant, despite the promise that it was only a temporary solution. More than five years after their forced eviction, their right to adequate housing continues to be violated (Amnesty International 2010e).

Between 450,000 to 800,000 Roma live in Serbia and almost 100,000 live in Belgrade: a third of them in around 147 informal settlements (Amnesty International 2010d, p 11). In recent years, large-scale construction projects in Belgrade have threatened hundreds of Roma families with forced eviction. In August 2009, 178 Roma families were forcibly evicted from an irregular settlement under the Gazela Bridge in Belgrade. The eviction was carried out in advance of repairs to the bridge, which are being partly funded by loans from the European Bank for Reconstruction and Development and the European Investment Bank. After a new resettlement plan was approved by city autho-

rities, without any consultation with the Roma communities and without adequate notice, the Roma families were evicted from their homes. The destruction of the camp was completed in less than three hours, leaving families insufficient time to gather their belongings. One hundred and fourteen families were resettled in metal containers at 6 sites on the outskirts of Belgrade, in accordance with the new resettlement plan decided by the city authorities. The rest were transported to municipalities in southern Serbia. On the day of the eviction one resident received papers informing her that she would be resettled in a metal container at a site 47 km south of Belgrade. The new accommodation offered to the Roma does not meet the criteria for adequate housing under international law, either in terms of habitability or location, and perpetuates their social exclusion. None of the Roma people affected have been offered accommodation in social housing units. The best they have been offered is "rights to and opportunities to compete for flats equal to any other socially vulnerable citizens of Belgrade". With 13 other priority groups and an extremely small quota of available housing, their chances of accessing social housing are extremely slim (Amnesty International 2010e, p 10).

### **Segregation in education perpetuating the situation**

Millions of Roma across Europe are severely disadvantaged by low levels of literacy and poor quality or incomplete education. Across Europe, Roma have significantly lower enrolment and completion rates in primary education. National governments and policymakers are increasingly realising that improving the access of Roma to education is crucial to breaking the cycle of poverty that so many are trapped in. However, many Roma still face widespread violations of their right to education, which encompasses the right to free and compulsory primary education, and equal access to secondary, technical, vocational and higher education. Many European governments are failing to implement and adequately fund effective measures to promote the inclusion of marginalised Roma in public education systems. They are also failing to eliminate long-standing discriminatory practices and attitudes within their education systems, despite positive legislative reforms in many countries in recent years. Numerous factors contribute to the alarming rates of educational exclusion and underachievement, including geographical and financial barriers to access to education faced by children living in Romani settlements; the cost of transport, clean clothes and school materials; lack of

teaching materials in Romani language; and the hugely discouraging effect of likely discrimination when applying for jobs, no matter how well qualified the Romani applicant.

Amnesty International has documented how the marginalisation of Roma has been perpetuated by their segregation in the education systems of a number of central and eastern European countries. In several districts in Slovakia, Romani children represent up to 100% of pupils who attend special schools and classes intended for children with 'mild mental disabilities'. Romani children are also ethnically segregated in mainstream schools and classes (Amnesty International 2010f, p 2).

According to a 2009 survey by the NGO Roma Education Fund, in regions with large Romani populations, at least three out of four special school pupils are Roma; across Slovakia as a whole, Roma represent 85% of children attending special classes. Yet, Roma comprise less than 10% of Slovakia's total population (Roma Education Fund 2009).

Roma are segregated not only by their placement in the special education stream, but also within the mainstream school system, where children are often separated into Roma-only schools or classes. Teachers in Roma-only classes often have lower expectations of their students. They also have fewer resources and poorer quality infrastructure at their disposal.

The segregation of Romani settlements, often on the outskirts of towns, is also a factor in their segregation at school, because schools draw pupils from their surrounding areas. But parental choices and school and local authority policies also effect school segregation regardless of this link.

By law, parents have the right to choose their child's school. In theory, this eliminates segregation in schools by allowing Romani children to enrol at any school. In practice, Romani children are often rejected by schools. The Government is obliged under national law to ensure that freedom of school choice does not lead to indirect discrimination (Amnesty International 2010e, p 17). In 2006, only 3% of Romani children reached secondary school in Slovakia, while only 8% enrolled in secondary technical schools (Amnesty International 2009a, p 2). A new Education Act passed in 2008 bans all forms of discrimination in education, particularly segregation. However, this ban was not accompanied by any effective measures to ensure that it is implemented in practice (Amnesty International 2009a, p 2).

In the Czech Republic, authorities are continuing to place Romani children in schools for

pupils with 'mild mental disabilities', leaving them with a sub-standard education. Others are effectively segregated in Roma-only mainstream schools and classes, where they receive a lower quality education. In November 2007, the European Court of Human Rights found that the Czech Republic discriminated against Romani children by placing them in special schools, and the Government was obliged to adopt corrective measures. Two years later, however, the discrimination continues. Government studies reveal that Romani children still lose out in the Czech education system and Amnesty International's research confirms this (Amnesty International 2009d, p 2).

A new Schools Act, which entered into force in 2005, renamed 'special schools' as 'practical elementary schools', but the system which places children in these schools and teaches them limited curriculum essentially remains the same. A disproportionate number of Romani children continue to attend these schools. In some places, Romani children make up more than 80% of the student body of practical elementary schools. The Government has acknowledged that the proportion of Romani pupils attending such schools is much higher than the average percentage of children with mental disabilities in any given population. But the problem is not just in practical schools: in mainstream elementary schools, many Romani children are placed in special classes for pupils with mild mental disabilities (Amnesty International 2010e, p 19).

### **Call for a comprehensive EU framework strategy on Roma inclusion**

The last decade has seen an increase in the attention being paid to the rights of Roma, particularly at the international and intergovernmental level, where a number of initiatives have been developed. These include the Organization for Security and Co-operation in Europe's (OSCE) Action Plan on Improving the Situation of Roma and Sinti within Europe, the establishment of a Roma, Sinti and Travellers Forum by the Council of Europe, various European Union initiatives and, most significantly, the Decade for Roma Inclusion 2005–2015. This last initiative has seen 12 participating Member States commit to improving respect for the rights of Roma in four key areas: education, employment, health and housing, through a series of national action plans. As with other national initiatives, however, these initiatives have suffered from a lack of concrete targets, fitful implementation, particularly at the local level, and ineffective monitoring. As a result, there has been little concrete improvement in respect for the rights

of the great majority of Roma.

Breaking the cycle of prejudice, poverty and human rights violations requires more than piecemeal measures in each of these areas. It requires comprehensive, proactive policies to promote the social inclusion of Roma and combat entrenched discrimination in the provision of essential public services and in society at large. It requires concerted action at all levels – international, national and local. It requires political will and long-term commitment. Above all, it requires the voices of Roma to be heard and heeded.

Sporadic and incomplete responses by the EU and its Member States have failed to secure structural and sustainable improvements in the situation of millions of Roma in access to education, housing, health and employment. The EU has both a responsibility and the tools to take a more active role in addressing one of the most extensive and complex human rights problems within its territory. However, it still has no integrated and comprehensive policy specifically targeting discrimination against Roma. Amnesty International is calling for a comprehensive, human rights-based EU framework strategy on Roma inclusion to make more effective use of existing EU funds and instruments (Amnesty International 2009c, p 30).

Ultimately, the main responsibility for ensuring that Europe's Roma can access their human rights to housing, health, education and employment, and to participate in public life, lies with national governments. For too long governments have failed to develop or implement national plans that effectively reach out to disadvantaged Roma. The policies of national governments and local authorities often actively obstruct the access of Roma to essential goods and services. It is time for governments to put an end to such discriminatory practices and to make the social inclusion of Roma a real priority. ■

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# SOCIAL EXCLUSION OUTSIDE EUROPE

## Social Protection: An Instrument for Poverty Reduction and Social Cohesion

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SOLIDAR<sup>1</sup>

*"Poverty anywhere is a threat to prosperity everywhere."*

ILO Declaration of Philadelphia, 1944

Social protection is a right, and an affordable one. It is also a powerful instrument for poverty reduction and social cohesion. Social security promotes sustainable economic and social development, and countries with social protection systems have been better able to cope with the global economic crisis. As part of its efforts to eradicate poverty and promote decent work and social justice inside and outside its borders, the EU should: 1) provide financial and technical support to developing countries in their efforts to set up and scale up a basic set of social security mechanisms, and 2) support the UN Social Protection Floor Initiative.

### Decent work and social protection

"Everyone, as a member of society, has the right to social security" (Article 22 of the Universal Declaration of Human Rights, 1948). More than 60 years after the adoption of the Universal Declaration of Human Rights, it is estimated that only about 20% of the world's working-age population (and their families) have effective access to comprehensive social protection systems (ILO 2009a). Among the 80% living in conditions of social insecurity, 20% are poor (Cichon 2006).

Social security is one of the conditions for sustainable economic and social development. It works as an economic, social and political stabiliser; provides mechanisms to alleviate and prevent poverty; reduces income disparities to acceptable levels; and enhances human capital and productivity.

The global economic crisis has highlighted that investment in social security<sup>2</sup> systems

is not just a social need, but an economic necessity. The International Labour Organization (ILO) found that the employment effect of automatic stabilisers (including social transfers) were as important as the stimulus package. Governments with social protection systems in place were better able to cope with the crisis as the impact on households was softened and the drop in aggregate demand alleviated (ILO 2009a).

### Social protection and decent work in development cooperation

In 2005, the UN MDG Summit agreed on the inclusion of a specific target for Decent Work under MDG 1: "Achieve full and productive employment and decent work for all, including women and young people".<sup>3</sup> Nevertheless, progress in this area has been meagre (United Nations General Assembly 2010) and little attention has been given to social protection – a core pillar of the Decent Work Agenda – by public policymakers (OECD 2009). Nevertheless, available evidence demonstrates that:

#### 1. Social protection is an effective tool to prevent and fight poverty

Social transfers<sup>4</sup> can directly and immediately reduce the vulnerability of the young and the old and are an effective tool to fight poverty. This is particularly important in countries where AIDS has led to a huge increase in the number of orphaned children, leaving older people, particularly widows, to care for grandchildren with no support. Cash transfers that bring about improvements in children's health, nutrition and education have long-term effects on productivity and earnings, and thus contribute to breaking the intergenerational poverty cycle. The impact of social transfers on marginalised groups can be even greater when supported

benefits, employment injury benefits, family benefits, maternity benefits and invalid benefits. 'Social protection' is a broader concept covering actions to address more than risk, such as, for example, measures to address discrimination and safety at work and social services such as health and education.

<sup>3</sup> Paragraph 47 of the 2005 World Summit Outcome.

<sup>4</sup> 'Social transfers' are regular and predictable grants – usually in the form of cash – provided by governments or non-governmental organisations to individuals or households to decrease chronic or shock induced poverty.

by legal measures to combat discrimination in areas such as employment, access to education and healthcare, access to credit, inheritance and land ownership.

Social transfers can reduce vulnerability to shocks. Well-designed social transfer schemes can prevent the non-poor from falling into poverty as a result of economic or environmental shocks. Globalisation is continually creating new groups of people who are poor and excluded, who 'lose out' as market and production patterns change. And climate change threatens to bring unprecedented changes in production and migration patterns, which will create new pockets of poverty. Social transfers will be important in mitigating the effects of this economic and environmental change on people's livelihoods (European Working Group on Social Protection and Decent Work and the Grow Up Free from Poverty Coalition 2010, p 5).

In the last decade, there has been an increase in the number of large-scale cash transfer programmes in developing countries. Overall, these programmes make a significant contribution to addressing poverty and vulnerability among the poor and poorest households in developing countries. One of the best known and successful is the Brazilian *bolsa familia* (family grant). The programme currently covers 12.4 million households and pays mothers around USD 12 per month per child as long as their children attend school and receive medical checkups. According to the Fundacao Getulio Vargas, about one-sixth of the poverty reduction experienced by Brazil (more than 8% every year since 2003) can be attributed to this conditional cash transfer (The Economist 2010).

In Tanzania, it is projected that a combination of basic universal old pension benefits and child benefits to school children under the age of 14 would reduce the overall poverty rate of around one-third (Cichon 2006).

In most developing countries, many people do not have access to healthcare unless they can pay for it. These 'out-of-pocket' payments for healthcare exacerbate social exclusion and poverty. The World Health Organization has estimated that every year around 100 million are pushed under the poverty line just because they have to use, and pay for, health services. Social health insurance mechanisms reduce reliance

<sup>1</sup> This article is a personal elaboration based on a previous briefing published by the European Working Group on Decent World and Social Protection.

<sup>2</sup> The terms 'social protection' and 'social security' are used interchangeably in this report. A distinction can, however, be made: ILO Convention 102 describes 'social security' as guaranteeing a stable income through medical care, sickness benefits, unemployment benefits, old-age

on out-of-pocket payments. Community-based health schemes (i.e., mutual schemes) are being developed in several developing countries (mainly in Asia and Africa), and currently reach around 40 million people.

## 2. Social protection promotes pro-poor growth

Social protection promotes pro-poor growth (OECD 2009) enhancing the ability of the poor to participate in, contribute to, and benefit from growth. It does so by increasing access to social services (namely, health and education), which reinforces the productivity and participation of the poor in the labour market, and by protecting the poor against shocks and reducing their vulnerability.

## 3. Social protection is affordable

ILO estimates that only 2% of global GDP would be necessary to provide the world's poor with a basic social security package (universal access to basic healthcare and basic income transfers<sup>5</sup>) and 6% to cover all those who do not have access to social security (ILO 2008a). In 12 low income countries examined, the cost of introducing a basic social security package would be in the range of 3.7 to 10.6% of GDP in 2010, while individual elements of the package would be more affordable: the annual cost of providing universal basic old age and disability pensions in 2010 would be between 0.6 and 1.5 of GDP; essential healthcare would cost between 1.5% and 5.5% of GDP; providing assistance to unemployed or underemployed would cost between 0.3% and 0.8% of GDP (Hagemeyer 2009, in OECD 2009).

Nevertheless, affordability does not necessarily mean that resources are available, or that domestic resource alone could finance a basic social security package. Developing countries have a big role to play (e.g., by increasing social spending as a proportion of GDP and as a proportion of total government spending, redistributing funds between social policy areas, and so forth) and the international community has to translate its policy commitment into concrete support for national social protection initiatives.

## 4. Social protection can have a direct positive impact on growth

By raising the income of the poor, social security transfers increase domestic demand and, in turn, encourage growth by expanding domestic markets. In Zambia, for example, 80% of social transfers are spent on local goods.

Moreover, social protection makes growth

equitable, builds social cohesion and, hence, makes growth more sustainable. The importance of equitable growth has been widely recognised. At the same time, the quality of growth can be enhanced through improved income distribution (Cichon 2006).

The case of Europe demonstrates that high levels of social expenditure and economic growth can coexist. In OECD countries, the establishment of universal social security systems has been a determinant of social and economic development and has contributed to reducing poverty and strengthening social inclusion. It is estimated that, today, the 30 OECD countries commit an average of 13% of their GDP to social security (in low-income countries this average is lower than 2%) (Townsend 2009). In the European Union (plus Iceland, Norway and Switzerland), expenditure on total social protection expenditure is on average over 25% of GDP (ILO 2010), and it is generally recognised that – with few exceptions – high levels of social protection expenditure corresponds with low levels of poverty. Hence, ensuring social security coverage to the world's poor is a question of political will in setting the right priorities, rather than a lack of means.

## Social protection – A global commitment

The development of comprehensive social security systems in countries where only rudimentary systems exist is a key task to prepare global society for future economic downturns and to achieve other global objectives such as the Millennium Development Goals, sustainable economic development and fair globalisation.

There is increasing recognition among international agencies, donors, governments and civil society organisations that social protection can play a pivotal role in preventing and reducing poverty, and promoting social and economic development.

## Social protection is a demand of developing countries

There is a growing demand coming from developing countries for more public action on social protection and employment. An example of this is the 2008 African Union Social Policy Framework, which calls on African governments to implement national social protection plans based on a minimum package.

## The UN Social Protection Floor Initiative (UNSPFI)

The need for social protection systems has also been addressed at the global level. The ILO Declaration on Social Justice for a Fair Globalisation (10 June 2008) (ILO 2008b) includes a promotional framework for the implementation

of the four 'pillars' of decent work at national, regional and global levels. Moreover, the concept of a basic social security floor has been taken up by the UN which has launched the Social Protection Floor Initiative (SPFI).

Based on the principle of progressive universalism, the Social Protection Floor Initiative seeks first to ensure a minimum set of social security benefits for all: the social protection floor. Based on that floor, higher levels of social security should then be sought as economies develop and the fiscal space for redistributive policies widens.

The ILO Global Jobs Pact, adopted at the International Labour Conference in June 2009, requests countries to:

*... build adequate social protection for all, drawing on a basic social protection floor including: access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee schemes for the unemployed and working poor.*<sup>6</sup> (ILO 2009b)

Groups of civil society organisations all around Europe are supporting the ILO Campaign for Social Security and Coverage for All, including the European Working Group on Social Protection and Decent Work in Development Cooperation,<sup>7</sup> which is working to see social protection given the prominence it deserves in EU aid policy and as part of the Decent Work Agenda.

## Conclusions and recommendations

*"There is enough for everybody's needs, but not enough for everybody's greed."*  
(M. Ghandi)

With the Lisbon Treaty, the European Union's development policy has been strongly focused on poverty eradication:

*Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty...* (Article 208, Official Journal of the European Union 2008)

The EU is also fully committed to ILO's Decent Work Agenda, which includes social protection as one of the four pillars. This has brought about a renewed interest in the role of social security in development, as well as in combating poverty.

<sup>6</sup> Global Jobs Pact, paragraph 12 (1) ii

<sup>7</sup> Formed in 2007, The European Working Group on Social Protection and Decent Work in Development Cooperation is made up of civil society organisations including Help Age International, World Solidarity, Light for the World, Stop Aids Alliance and SOLIDAR.

<sup>5</sup> Basic child benefits, universal basic old age and disability pensions, social assistance for the poor and unemployed.

The EU 2020 strategy reaffirms its commitment to turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion.

Moreover, the EU has recognised the importance of social protection in its response to the global economic crisis and food and fuel price hikes. It acknowledges that social protection measures are critical in dealing with these crises at global, national and local levels. In its 2009 Communication 'Supporting Developing Countries in Coping with the Crisis', it recommends that the Commission and EU Member States support developing countries to create and strengthen social protection programmes, such as cash transfers (Commission of the European Communities 2009). The more recent (June 2010) Foreign Affairs Council Conclusions on the MDG Summit review acknowledges that social protection systems, as well as reducing inequality, are essential for each developing country to achieve the MDGs.

Nevertheless, the EU does not have a coherent policy or strategy to promote social protection through development cooperation. It is now time to address this policy incoherence. Based on its economic development history and its technical expertise, the EU should:

1. Provide adequate, long-term and predictable financial assistance and technical support to leverage developing countries' efforts to build social protection systems or to expand the coverage of existing social security mechanisms.
2. Reinforce the International Labour Organization's Social Protection Floor Initiative.
3. Include social protection and decent work as focus sectors in more country and regional strategy papers by providing guidance for sector and budget support policy dialogue in this area. This will ensure that EU funds benefit the most marginalised people, including those living in chronic poverty and those working in the informal economy.

These are the key demands that civil society organisations all around Europe are putting forward to the EU. ■

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# Social Exclusion in Southern Mediterranean Arab Countries and Policies of the Euro-Mediterranean Partnership

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This report looks at social exclusion in Southern Mediterranean Arab countries<sup>1</sup> and attempts to address the extent to which the Euro-Mediterranean Partnership (EMP)<sup>2</sup> and its policy tools help to redress or amplify the factors behind social exclusion in the region. The discussion focuses on the social and economic conditions and main challenges facing the Southern Mediterranean Arab countries, as well as the policies mainstreamed through the EMP. While the focus is on Southern Mediterranean Arab countries, they are considered within the overall context of Arab countries or the countries of the West Asia and North Africa region.

## Social policy in the Europe Union

Social exclusion is a multidimensional concept covering a remarkably wide range of social and economic problems. Social exclusion reflects a process of progressive social rupture, detaching groups and individuals from social relations and institutions (Sen 2000, p 7). It extends beyond the economic and social aspects of poverty to include political aspects, such as political rights and citizenship. Thus, social exclusion prevents or marginalises citizens from full participation in the social, economic, cultural, political and civic spheres of society.

European countries have historically tended to focus on providing social and economic rights only to citizens, excluding foreigners living within their territory. European countries have witnessed the serious engagement of social movements and unions in a quest to establish certain minimum social policies, including a social welfare system integrating social protection and social inclusion.

Social inclusion is part of the *acquis* of the European Union, which prospective Member States must accept and be able to formulate and implement policy accordingly. Thus, social policy is one of the pre-conditions for the accession of new states to the Union. The EU *acquis* in the social field includes minimum standards in the areas of labour law, equality, health, safety at work and anti-discrimination. Within this context, European Member States participate in social dialogue in the areas of employment policy, social inclusion and social protection.<sup>3</sup>

Social policies and objectives are integral to the EU's external relations and partnerships. Among the objectives set by the Barcelona Declaration of 1995, in which the Euro-Mediterranean Partnership is rooted, are the "acceleration of the pace of sustainable socio-economic development" and the "improvement of the living conditions of their populations, increase in the employment level, and reduction in the development gap in the Euro-Mediterranean region".<sup>4</sup> In its 2005 communication on the Social Agenda, the EU foresaw an "international dimension of employment and social policy" (European Commission 2005). Accordingly, social policies and rights were declared a cornerstone of subsequent programmes of action adopted under the Partnership. Such programmes focused on the need to strengthen social protection systems, achieve better socioeconomic inclusion, increase women's participation in employment, increase labour productivity and create more job opportunities with a special emphasis on young people, among other things. Social inclusion has also been declared one of the four priorities of the 2011 to 2013 regional indicative programme of the EMP. This work focuses on promoting gender equality, culture and intercultural dialogue. In addition, it integrates the promotion of greater regional added value and regional cooperation.

## Social exclusion in Southern Mediterranean Arab Countries

Social exclusion in developing countries can take several forms and is defined by internal as well as external factors on economic, social and political fronts. It includes exclusion from livelihood (employment and waged work); exclusion from social services (welfare and security); exclusion from the consumer culture (inability to satisfy basic needs for food and shelter); exclusion from political choice (participation in national and international political decisions); exclusion from bases for popular organisation and solidarity; and exclusion from adequate access to information (Hachem 1996; Wolfe et al. 1995, cited in ESCWA 2007, pp 9, 10).<sup>5</sup>

Some argue that the analysis of social exclusion in developing countries ought to be distinguished from such analysis in developed countries. In the latter, the analysis of exclusion ought to be rooted in economic growth and its distribution, while in less developed economies the political dimension is important in discussing social exclusion. When it comes to Arab countries, research by Bédoui in 1995 noted four broad social problems, namely: illiteracy, gender inequality, unemployment and economic inequality (Bédoui 1995, cited in ESCWA 2007, p 12). It is evident from the various reports on the Millennium Development Goals (MDGs) and Arab Human Development Reports<sup>6</sup> that these challenges persist and are increasing in the eight Southern Mediterranean Arab countries and the Arab region<sup>7</sup> in general.

The following section will highlight some factors contributing to social exclusion in Southern Mediterranean Arab countries, including high levels of poverty, unemployment, lack of access to social services and migration.

1 The Southern Mediterranean Arab countries that are engaged in the Euro-Mediterranean Partnership include Lebanon, Palestine, Egypt, Jordan, Tunisia, Morocco, Algeria and Syria.

2 Launched in 1995 with the 'Barcelona Declaration', the Euro-Mediterranean Partnership set as its aim the establishment of a common area of peace, stability and shared prosperity in the Euro-Mediterranean region. In 2004, the launch of the European Neighbourhood Policy (ENP) was undertaken as part of this process, and, in 2008, the 'Barcelona Process' included the launch of the 'Union for the Mediterranean'. Along with the Southern Mediterranean Arab countries mentioned in footnote 1, the Partnership includes Israel and Turkey.

3 The European Social Fund is the main financial tool through which the EU supports the implementation of its employment strategy and contributes to social inclusion efforts (source: <[ec.europa.eu/enlargement/enlargement\\_process/accesion\\_process/how\\_does\\_a\\_country\\_join\\_the\\_eu/negotiations\\_croatia\\_turkey/index\\_en.htm](http://ec.europa.eu/enlargement/enlargement_process/accesion_process/how_does_a_country_join_the_eu/negotiations_croatia_turkey/index_en.htm)>).

4 Source: Barcelona Declaration, available at: <[europa.eu/legislation\\_summaries/external\\_relations/relations\\_with\\_third\\_countries/mediterranean\\_partner\\_countries/r15001\\_en.htm](http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/mediterranean_partner_countries/r15001_en.htm)>.

5 In general, Silver (1995), as cited in Sen (2000) gives a list of "a few of the things the literature says people may be excluded from" including the following: a livelihood; secure, permanent employment; earnings; property, credit or land; housing; minimal or prevailing consumption levels; education, skills and cultural capital; the welfare state; citizenship and legal equality; democratic participation; public goods; the nation or the dominant race; family and sociability; humanity, respect, fulfilment and understanding.

6 For more details on these reports please visit: <[www.arab-hdr.org](http://www.arab-hdr.org)> (accessed 28 October 2010).

7 The Arab region encompasses 22 Arab countries, including the 8 Southern Mediterranean Arab countries that are part of the Euro-Mediterranean Partnership.

### Factors contributing to social exclusion

There is an overall lack of social integration in the Arab region as a whole. The policy choices of the governments of the region often reveal an assumption that economic growth will automatically bring social development, which is not reflected by reality. While economic development does play a crucial role in social development, economic growth does not necessarily ensure the fair redistribution of income within society. In fact, it was noted by the Economic and Social Commission of West Asia (ESCWA) that:

*...economic development experienced in the Arab region has not guaranteed social benefits and most countries are still suffering from poverty, unemployment and inadequate social services... The social dimension of development needs to be aggrandized and brought to the forefront, rather than merely being a supplement to economic policy. Arab countries continue to be intrigued by the assumptions of neo-liberal policy-making. However, negative experiences from across the world prove that this approach has not achieved the equitable, gender-sensitive, and environmentally friendly dividends of development. (ESCWA 2008, p 8)*

Weakly studied trade liberalisation policies adopted by Arab countries have worsened the situation, shrinking the policy space, tools and resources available for states to move forward on the social front. This is also true for trade arrangements established under the umbrella of the EMP.

Social policies in the region remain ad hoc and target specific sectors of people living in extreme poverty, whereas comprehensive social policy agendas are often lacking. Support to vulnerable groups is not linked to a rights-based approach ensuring the basic needs of all citizens; instead a 'social assistance' approach is adopted, which is segmented and insufficient. 'Income support' measures are often employed and implemented through food and fuel subsidies, rather than social protection schemes.

In the same manner, social action plans currently developed within the context of the EMP, and reflected in various country action plans, are generally limited to a series of safety nets. They lack a comprehensive vision based on national strategies for social development, including public health, education, job creation and a comprehensive national social security plan. This is rooted in the lack of such plans at the national level in Southern partner countries.

There is also a lack of mechanisms within the Euro-Mediterranean Partnership for setting social policies built on participatory processes. Despite significant progress in articulating conceptual approaches to social policies in action plan frameworks, implementation has been limited.

### The challenge of poverty and unemployment

Poverty remains a core challenge facing the Southern Mediterranean Arab countries. Progress on addressing poverty levels in these countries has stagnated since the year 2000. When calculated at the poverty line of USD 3 per day instead of USD 2 per day, the number of people living in poverty in the Arab region doubles from 45 million to 92 million (Pearce and Mohamadieh 2009). The Millennium Development Goals 2010 report, released by the UN Secretary General in preparation for the 2010 MDG Summit held in September 2010, notes that since 1990 the depth of poverty has decreased in all regions except Western Asia (Western Asia encompasses some of the 22 Arab countries, including EMP partner countries Egypt, Lebanon, Syria, Jordan and Palestine) (United Nations 2010). Thus, the region is witnessing increasing numbers of people living in poverty, while a high proportion of the population lives close to the poverty threshold. Large numbers of people are extremely vulnerable to poverty and relatively small reductions in income or small increases in the price of basic goods can push them into poverty.

Moreover, the Arab region as a whole, including the Southern Mediterranean Arab countries suffers from chronic unemployment, which has been exacerbated by the global economic crisis. Even during years of consistent growth, unemployment was high and rising. There are several reasons for the increasing unemployment rates in Southern Mediterranean Arab countries, including high birth rates, a relatively young population, and the concentration of economic activity in sectors with low job creation capacities, such as real estate and the financial sector (Pearce and Mohamadieh 2009). The sustained level of unemployment across the region is one of the reasons for the persistently high proportion of people living in poverty.

Arab countries in general have witnessed some of the highest average unemployment rates in the world (10%), particularly for women (14%) and youth (22%), as well as widespread informal employment. Indeed, in the Southern Mediterranean Arab countries, one in every four has a job and nearly half of these jobs are informal (Martín 2009a). Moreover, official

labour participation rates are the lowest in the world (below 46% of working age population, compared to the world average of 61.2%), and female participation rates remain among the lowest in world (below 25%, as compared to the world average of 42%) (Martín 2009a). It is worth noting that official aggregate data are likely to both underestimate the rate of unemployment in general across the region and mask higher rates in poorer countries, such as Egypt where a rate of 20% would mean well over 10 million citizens unemployed and looking for work (World Bank Data for Middle East and North Africa Region [MENA], 1987 to 2001, from World Bank Global Poverty Monitoring Database, referenced in Iqbal 2006). The MDGs 2010 report highlighted that, globally, the share of women in paid employment outside the agricultural sector has continued to increase slowly, reaching 41% in 2008 (United Nations 2010). However, women in Northern Africa and Western Asia (the region that encompasses the eight Southern Mediterranean Arab country partners of the EU) continue to lag behind, with only 20% of those employed outside agriculture being women. Moreover, the report notes that women are more likely than men to be in vulnerable jobs, with the gap being particularly evident in those regions where paid employment opportunities for women are the lowest, such as the countries of Western Asia and Northern Africa (United Nations 2010).

### Access to basic social services

Overall, the Arab region has witnessed a general decline in basic social services, mainly due to the withering role of the state and the lack of comprehensive social plans, as discussed above. As the imperatives of reducing public expenditure and the continuing privatisation of services have taken hold of policy making, this decline seems irreversible. This places further stress on the finances of the most vulnerable groups, reinforcing a cycle of vulnerability, dependence on 'income support' measures and a decline in basic needs satisfaction. Furthermore, high administration and transaction costs in the region, shortages of necessary funds, limited technical and administrative skills in government institutions and weak monitoring make the provision of services unsustainable, while at the same time the need for such services is increasing.

### Migration as a source and reflection of social exclusion

The process of social exclusion by migration occurs due to the breakage of social ties and loss of social support, unstable living conditions,

and lack of legal and political rights and security in either or both the host country and country of origin. More than 10 million people from the Southern Mediterranean Arab countries are resident in third countries (Martín 2009b). At current migration rates, and with the growth of the working age population in Southern Mediterranean Arab countries, yearly migration flows of 200,000 persons are expected between 2010 and 2020 from Southern Mediterranean Arab countries (which is approximately 2 million new migrants for this 10-year period). Moreover, migration flows could triple to 6 million over the next 10 years (at average migration rates of 24%) (Martín 2009b).

Despite the seriousness of the situation, migration has not been fully integrated into the social policies of Southern Mediterranean Arab countries or their partnership policies with the EU. The right of movement of persons lies at the heart of economic and social partnerships and the concept of free circulation is core to the idea of a common economic area. This right should be reflected in the trade and economic policies of the sending and receiving countries. Yet, the lack of consideration of such rights will amplify the problems of social exclusion suffered by people of the Southern Arab Mediterranean countries.

### **Do the policies of the Euro-Mediterranean Partnership reinforce social exclusion?**

When discussing social exclusion in the context of the Euro-Mediterranean Partnership<sup>8</sup>, there is a need to question the extent to which the policy tools of the Partnership help Southern Mediterranean Arab countries to build resilience on the social and development fronts. Does the Partnership help to create space for a more sustainable process of social inclusion rooted in a social and economic model that addresses the main factors of social exclusion in the region, including poverty and unemployment? Questions about the long-term viability of the current social and economic model within the Euro-Mediterranean Partnership are clarified when discussing the implications of the global economic crisis for the region and its impact on social conditions.

A closer look at the Partnership and its mechanisms, including common action plans and strategic programmes, reveals that there has been significant progress in the articulation of conceptual approaches to social policies in the communications and action frameworks of the Euro-Mediterranean processes. The

European Commission Communication entitled 'Social dimension of globalisation – How the EU policy contributes to extending the benefits to all' (European Commission 2004, p 2) underlines the EU's approach, which is to:

*...exercise its external policies in a way which contributes to maximizing the benefits of globalization for all social groups in all its partner countries and regions. Its external policies have always had an important social dimension, for example, by supporting universal access to basic social services in developing countries.*

The Euro-Mediterranean region foreign ministers emphasised the social dimensions of the EMP in the Barcelona Process Conference held in November 2008 (European Commission 2008), so did the employment and labour ministers in their first Euro-Mediterranean Ministerial Conference held in Marrakech on 9 and 10 November 2008. However, these improvements have remained declaratory steps; they have rarely materialised as progressive steps that impact on the lives of the people of the region, nor have they contributed to reducing social exclusion (Martín 2009). Moreover, these objectives lack any system of measurement for monitoring and assessing progress.

The policy tools within the EMP have over-concentrated on trade relations, aid flows and foreign direct investment – an issue highlighted by civil society stakeholders. The lack of balance between the economic, social and political agendas of the Euro-Mediterranean Partnership has been reiterated in various analyses of the Partnership. It is obvious that efforts to establish a common economic area by enhancing free trade schemes between the EU and its various Southern Mediterranean partners have not been paralleled by efforts to create a common area for social development. The resulting threat is not limited to faster progress on the economic liberalisation front compared to other fronts; these interventions could limit the achievement of genuine social progress in the region by tying up governmental policy space and policy tools. These threats to policy space in the Southern Mediterranean countries are highlighted in the Sustainability Impact Assessment of the Euro-Med Free Trade Area 2007, which noted that "unless parallel measures are taken and implemented by the Southern Mediterranean Partner Countries then the Euro-Med Free Trade Area will result in a negative effect on employment, poverty and development" (European Commission 2007). Unfortunately, this analysis has remained marginalised in the process of

policy formulation. Moving forward in tackling social exclusion in the Southern Mediterranean Arab countries necessitates addressing the basis of policy approaches and the coherence of social and economic policy making, not merely addressing symptoms.

The global economic and financial crisis has affected various countries in the Euro-Mediterranean region. It has highlighted the failure of the economic and social model and policy tools adopted by Southern Mediterranean Arab countries to address the main development challenges facing the region. Southern Mediterranean Arab countries have felt the influence of the crisis mainly in a decrease in exports, foreign direct investment, tourism revenue, aid and financial assistance, and remittances. This has led to a decrease in growth and an increase in the budget deficits, unemployment rates and poverty. In facing the crisis, the EU's commitment to neighbourhood countries was slowed down. The relatively quick response to the social challenges resulting from the crisis in Europe were in contrast to slow procedures and weak commitments towards neighbouring countries, which were isolated from any feedback from the Southern partner countries of the EU. Indeed, the crisis revealed a lack of collective mechanisms for policy coordination between both sides during the crisis, which is an obstacle to the advancement of cooperation.

Moreover, the passage of the Treaty on the Functioning of the European Union brought with it the decision to integrate cooperation for development under the EU's foreign policy. This decision reflects a tendency to use the EU's development assistance as a tool to promote European foreign policy. There is a wide perception under the aid effectiveness umbrella that these two policy areas should be separate. Indeed, the social and economic rights of citizens should not depend on the foreign policies of their governments. Furthermore, Europe is one of the promoters of the Paris Declaration on Aid Effectiveness, under which it committed to avoid all kinds of policy conditionality in foreign aid and assistance. This commitment is in direct contradiction to the link being made between foreign policy and development cooperation.

### **Concluding remarks**

Despite the enhanced articulation of social issues in the Euro-Mediterranean region, actual implemented policies have not contributed to addressing the factors contributing to social exclusion. The Southern Mediterranean Arab countries, and the Arab region in general, are in need of comprehensive social policies based on a human rights approach and covering all

<sup>8</sup> Reference to the EMP in this report assumes consideration of the European Neighbourhood Policy as well.

sections of society. Yet, most Arab countries lack space for democratic political participation, which exacerbates social exclusion. There is little room for the debate of social and economic questions, and states lack capacity for adequate economic and social policy making and reform. As these policies are often implemented in a piecemeal way in response to prescriptions by donors, and without comprehensive national development strategies in place, the state loses its role in directing its own development process towards policies that address social inclusion. To redress this, responsible government bodies are requested to enhance the human rights-based approach in policy making on social policies while making more space available for an effective role by civil society organisations.

The repression of civil society initiatives is also a recurring theme in the region. As there is often no venue for participation and engagement with public authorities, the only recourse for popular movements is contestation, which is often violently suppressed. The situation is particularly bleak for labour activism, as unions are either non-existent or an extension of the regime. Hence, political exclusion is an exacerbating factor in social exclusion in Southern Mediterranean Arab countries.

At the Euro-Mediterranean level, there is a need to revise Euro-Mediterranean social and economic policies in order to operationalise social interventions. Interventions addressing social exclusion ought to consider the political context as a fundamental dimension in addressing access to resources and in establishing a sustainable re-distributive function in the economic system. ■

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# Exposing Vulnerabilities to Improve Decision-making

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The 2010 World Summit on the Millennium Development Goals did not produce the ‘acceleration’ required to achieve by 2015 the minimum social development goals agreed upon in 2000. However, the leaders did add to their toolbox of internationally agreed language the concept of a ‘social floor’.

Paragraph 51 of the Summit outcome document states that:

*We consider that promoting universal access to social services and providing social protection floors can make an important contribution to consolidating and achieving further development gains. Social protection systems that address and reduce inequality and social exclusion are essential for protecting the gains towards the achievement of the Millennium Development Goals. (UNGA 2010)*

Until now, the strategies promoted to achieve the MDGs required attention to be focused on the ‘bottom billion’ – and, thus, the tools of choice were the focused delivery of social services or cash transfers to the ‘poorest of the poor’. In contrast, the Summit outcome document introduces a new balance with emphasis on the reduction of inequalities and universal access. The experience gathered by Social Watch from the reports of its national coalitions around the world has indeed confirmed British economist Richard Titmuss’ conclusion that “services for the poor end up being poor services” (Titmuss 1968).

In fact, analysis of the long-term evolution of the Human Development Index, computed by the United Nations Development Programme, or the Basic Capabilities Index, computed by Social Watch, both show that the progress of social indicators was slower in the first decade of the 21<sup>st</sup> Century than in the last two decades of the 20<sup>th</sup> Century – and this despite rapid economic growth in all regions of the so-called third world between 2000 and 2008. Thanks to a combination of abundant capital and high commodity prices, the economies of developing countries boomed. However, tax holidays and international rules imposed by trade and investment agreements curbed the ability of national governments to impose conditions on investors,

such as requiring them to use local inputs. The resulting growth did not generate enough jobs or significant poverty reduction. Instead, disparities increased around the world, in rich and poor countries. In this context, assistance targeted to the poorest of the poor, while welcomed, by itself does not produce development, jobs or sustainable poverty reduction.

It is hoped that the notions newly endorsed last September, at the highest level, of universal social services and a social floor will provide a renewed consensus to defend the social sectors, which are under threat in so many countries. But, to be meaningful, these notions require the setting of minimum standards of what such a social floor could be at a certain time and in a particular social context. The Millennium Development Goals and the different targets associated with them can be read as a step towards setting these minimum standards at the global level: all births should be assisted, water and sanitation should be available to all, no child should be left out of primary education... a list to which the MDG Summit last September explicitly added ‘productive employment and decent work’, in recognition of the fact that creating jobs is indeed the best anti-poverty policy.

Europe actively promoted the social floor idea at the World Summit, and this is consistent with the mandate of the Lisbon Treaty, which states that “[European] Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty”.

To put this principle into practice, the standards of the social floor have to be identified and defined. Minimum universal standards should be consistent with the notion of ‘dignity for all’ enshrined in the Universal Declaration of Human Rights and should certainly be higher than the ‘one dollar a day’ (currently \$1.25, to adjust for inflation) standard set by the World Bank as the threshold of extreme poverty, initially defined as the minimum income needed to feed a person.

The definition of what is essential for a dignified life changes from one society to another and over time. To be consistent with what it preaches abroad, Europe needs to define its own European ‘social floor’ and formulate policies to achieve it. Some European diplomats have pointed out to representatives of Social Watch in informal discussions that the demand for such a minimum European standard – which is certainly going to be higher, much higher than

any global floor – in times of crisis and scarcity could distract attention and resources away from those who need it the most in the South. The experience of Social Watch has been the opposite: Those that defend social expenditure at home are most likely to defend the development cooperation budget, which is only a tiny fraction of the funds spent on health, education and social security.

Social budgets are under threat worldwide. Trillions of dollars were urgently mobilised to rescue the financial industry and save the richest economies of the world from a second Great Depression, similar to the one of the 1930s. The G20 elevated itself from an obscure forum of finance ministers to a regular summit-level gathering, self appointed as the “premier forum for international economic cooperation”, and initially agreed on the need for urgent and massive state intervention to stimulate economies (G20 2009). The Social Watch International Report of 2009, titled ‘People First’ (Social Watch 2009) analysed the social cost of the multiple crises and endorsed the conclusion that the stimulus packages worked best when it was channelled, mainly to the poor and vulnerable (as was the case in Brazil and China), while money put in the hands of financial corporations or already well-off individuals was saved or helped build assets in prevention of further economic contractions. It is not that the poor have a better understanding of the global economy or are more motivated to rescue the system, they just have no option other than to spend. And, thus, the ethically right thing to do matched what was economically sound – at least for a while.

As soon as the financial sector was back making money in late 2009 and early 2010, voices of concern began to be heard about the increasing level of government debt, which was accumulating rapidly as a result of the rescue and stimulus packages. Economists were no longer unanimous, and while some, including Nobel Prize winners Joseph Stiglitz and Paul Krugman, argue that even more money should be thrown into the economies than what the Obama administration and others are doing to fight unemployment rates in the double digits, others worry about unsustainable debt levels and call for cuts to government spending.

Research done by UNICEF, headed by Isabel Ortiz, using fiscal projection data published by the International Monetary Fund, found that a significant number of countries are expected to contract aggregate government spending

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in 2010–2011 (Ortiz et al. 2010). This is of concern, both in terms of GDP (44% of the sample countries are tightening) as well as the real value of total government expenditure (the real value of GDP is expected to contract in 25% of the sample countries). The research identifies common adjustment measures considered by policy makers, such as wage bill cuts/caps, reducing subsidies and targeting social protection, and highlights their potentially negative social impacts. Children and mothers are among the most likely to be hurt.

In times of economic contraction, individuals frequently postpone consumption expenditure to a later time. The money saved earns interest and allows for expenditure in the future. The expected advantages, one of which is the interest received from the banks that use the saved money, exceed the frustration and disadvantages of not consuming in the present.

Governments make similar choices when they cut their budgets. To ‘make ends meet’ when fiscal revenue drops as a result, for example, of the current crisis, governments have to either cut expenses or incur debt. As with families, cutting expenditure might be a reasonable option when the cost of borrowing money becomes too high, for example, as a result of creditors’ belief that the country may become unable to repay its loans. What factors weigh in such a decision? If only short-term economic aspects are taken into account, the social sector might suffer and the very future of a country can be compromised.

According to UNICEF:

*[T]he limited window of intervention for foetal development and growth among young children means that their deprivations today, if not addressed promptly, will have largely irreversible impacts on their physical and intellectual capacities, which will in turn lower their productivity in adulthood. This is a high price for a country to pay.* (Ortiz et al. 2010)

A careful assessment would be required of the risks facing vulnerable and poor populations. Policies to restore medium-term debt sustainability should be balanced with those to protect and support the socially and economically vulnerable in the immediate term. “Both are necessary to achieve a country’s sustained growth and human development potential” (Ortiz et al. 2010). In practice, such an assessment hardly ever takes place. Politicians take their decisions based on opinion polls – and public opinion can be as volatile as the markets – or according to the pressure they receive. And, within this framework, children do not vote, nor

do they have a powerful lobby.

In the name of recovering future economic growth, Europe seems to be leaning in this global debate to a solution that sacrifices social expenditure and development cooperation. Faced with imbalances resulting from a contracting economy, cuts are imposed on expenditure that may end up contracting the economy further.

This European Social Watch Report 2010 exposes the multiple vulnerabilities within European societies. It is our hope that understanding the social risks better will help improve the quality of decision making. ■

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